This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY ____, 2008

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions and as of the date of original issuance thereof, interest on the Series 2008 Bonds is excluded from gross income for Federal income tax purposes, and the Series 2008 Bonds are exempt from ad valorem taxation and the interest thereon is exempt from income taxation by the Commonwealth of Kentucky and all its political subdivisions and taxing authorities. See “TAX EXEMPTION” herein.

NEW ISSUE

Ratings: Standard & Poor’s:
Moody’s:

$380,000,000*

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (See “Ratings” herein)

Jewish Hospital &
St. Mary's HealthCare

HEALTH FACILITIES REVENUE BONDS, SERIES 2008
(Jewish Hospital & St. Mary’s HealthCare, Inc. Project)

Dated as shown on the inside cover hereof

Due: June 1, 2038
Price: 100%

The Series 2008 Bonds (the “Series 2008 Bonds”) will be issued and secured under the Bond Trust Indenture, dated as of June 1, 2008 (the “Bond Indenture”) between the Louisville/Jefferson County Metro Government (the “Issuer”) and The Bank of New York Trust Company, N.A., as bond trustee (the “Bond Trustee”). The Series 2008 Bonds, when issued, will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2008 Bonds. Purchasers of the Series 2008 Bonds will not receive certificates representing their interests in the Series 2008 Bonds purchased. Ownership by the beneficial owners of the Series 2008 Bonds will be evidenced by book-entry only. Principal of, premium, if any, and interest on the Series 2008 Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of Series 2008 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2008 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See “BOOK-ENTRY SYSTEM.”

Interest on the Series 2008 Bonds is payable on December 1, 2008, and semi-annually on each June 1 and December 1 thereafter, by check or draft mailed (except in the case where Bonds are held in the name of Cede & Co., or any nominee of a securities depository, then by wire transfer) by the Bond Trustee to the person in whose name each Bond is registered on the Record Date (the 15th day preceding each interest payment date for the Series 2008 Bonds). See “DESCRIPTION OF THE BONDS” for information relating to the Series 2008 Bonds.

The Series 2008 Bonds are special limited obligations of the Issuer, payable solely from money to be received by the Bond Trustee pursuant to the Loan Agreement and the related Series 2008 Note (each defined herein) (except to the extent paid out of money attributable to Series 2008 Bond proceeds and income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards). The Series 2008 Note will be issued under the Master Indenture (defined herein) and will be an unconditional obligation of the Obligated Group (defined herein). The Series 2008 Bonds are also secured by the money and securities held in the funds and accounts established under the Bond Indenture (defined herein). The source of payment for the Series 2008 Bonds is more fully described herein under “SECURITY FOR THE SERIES 2008 BONDS.”

There are risks associated with the purchase of the Series 2008 Bonds. For a discussion of certain of these risks, see the caption “BONDHOLDERS’ RISKS.”

THE SERIES 2008 BONDS WILL BE SUBJECT TO OPTIONAL, SINKING FUND AND EXTRAORDINARY OPTIONAL REDEMPTION PRIOR TO MATURITY, AS DESCRIBED IN THIS OFFICIAL STATEMENT.

____

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY, THE ISSUER NOR ANY OTHER POLITICAL SUBDIVISION OF THE COMMONWEALTH OF KENTUCKY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND/OR INTEREST ON THE SERIES 2008 BONDS.

The Series 2008 Bonds are offered when, as and if issued by the Issuer and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality of the Series 2008 Bonds by Frost Brown Todd LLC, Louisville, Kentucky, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Jefferson County Attorney, Louisville, Kentucky, for the Underwriters by their counsel, Stites & Harbison, PLLC, Louisville, Kentucky, and for the Obligated Group Members by their counsel, Frost Brown Todd LLC and Kathleen Haddix, General Counsel of Jewish Hospital & St. Mary’s HealthCare, Inc. It is expected that the Series 2008 Bonds in definitive form will be available for delivery through the facilities of DTC on or about _________ ______, 2008. This cover page contains certain information for quick reference only. It does not constitute a summary of the Series 2008 Bonds. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

UBS Investment Bank
June ___, 2008

____
*Preliminary, subject to change

Exhibit G

MATURITIES, AMOUNTS AND INTEREST RATES
Dated Date of June 1, 2008

$______________
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
Health Facilities Revenue Bonds, Series 2008
(Jewish Hospital & St. Mary's HealthCare, Inc. Project)

Maturity Date (June 1)	Amount	Interest Rate	Price
2009	$__________	__.____%	_____%
2010	__________	__.____	_____%
2011	__________	__.____	_____%
2012	__________	__.____	_____%
2013	__________	__.____	_____%
2014	__________	__.____	_____%
2015	__________	__.____	_____%
2016	__________	__.____	_____%
2017	__________	__.____	_____%
2018	__________	__.____	_____%
2019	__________	__.____	_____%
2020	__________	__.____	_____%
2021	__________	__.____	_____%
2022	__________	__.____	_____%
2023	__________	__.____	_____%
2024	__________	__.____	_____%
2025	__________	__.____	_____%

$__________ __.___% Term Bonds Due June 1, 20___ - Price __________%
$__________ __.___% Term Bonds Due June 1, 20___ - Price __________%
$__________ __.___% Term Bonds Due June 1, 20___ - Price __________%

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the Issuer, the Obligated Group or the Underwriters to give any information or to make any representations other than those contained in this Official Statement (which term shall be deemed to include the Appendices attached hereto and all documents incorporated herein by reference), and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been furnished by the Corporation, the Issuer, DTC and other sources that are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

Neither the Issuer, its counsel nor any of the members of its governing body, agents, employees or representatives have reviewed this Official Statement, or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION–Issuer". Except with respect to such statements, neither the Issuer, its counsel, nor any of its members, agents, employees or representatives make any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Members of the Issuer and any other person executing the Series 2008 Bonds are not subject to personal liability by reason of the issuance of the Series 2008 Bonds.

THE SERIES 2008 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND TRUST INDENTURE AND THE MASTER TRUST INDENTURE HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2008 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2008 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2008 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$_______________

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
HEALTH FACILITIES REVENUE BONDS, SERIES 2008
(Jewish Hospital & St. Mary's HealthCare, Inc. Project)

INTRODUCTION

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. See *APPENDIX C* for definitions of certain words and terms used herein.

Purpose of this Official Statement

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth information in connection with the offering of $_______________[†] aggregate principal amount of Health Facilities Revenue Bonds, Series 2008 (Jewish Hospital & St. Mary's HealthCare, Inc. Project) (the "Series 2008 Bonds") of the Louisville/Jefferson County Metro Government (the "Issuer") to be issued under and pursuant to a Bond Trust Indenture, dated as of June 1, 2008 (the "Bond Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., as bond trustee (the "Bond Trustee").

The Issuer

The Louisville/Jefferson County Metro Government is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth of Kentucky under the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"). For further information concerning the Issuer, its powers and the members of its governing body, see the information under the caption "THE ISSUER" herein.

The Obligated Group

As of the date of issuance of the Series 2008 Bonds, Jewish Hospital & St. Mary's HealthCare, Inc. (the "Corporation"), a Kentucky nonstock, nonprofit corporation, JH Properties, Inc. ("JH Properties"), a Kentucky nonstock, nonprofit corporation, Jewish Hospital HealthCare Network, Regional Service Center, LLC ("RSC"), a Kentucky limited liability company, Jewish Hospital HealthCare Services, Inc. ("JHHS"), a Kentucky nonstock, nonprofit corporation, and The Physician Group at Jewish Hospital & St. Mary's HealthCare, Inc. a Kentucky nonstock, nonprofit corporation ("TPG") are the Obligated Group Members (as such term is used in the Master Indenture, as hereinafter defined). The Corporation is the entity that furnishes overall policy direction and operating guidelines for its integrated health care system, and, among other items, operates Jewish Hospital, a 487 acute care bed hospital in Louisville, Kentucky and Sts. Mary & Elizabeth Hospital, a 298 acute care bed hospital in Louisville, Kentucky; and Jewish Hospital Shelbyville, a 70 acute care bed hospital in Shelbyville, Kentucky. The Corporation is the sole member of JH Properties. JH Properties primarily owns, manages and leases properties for the health care system. RSC is a joint venture between the Corporation, Southern Indiana Rehab Hospital and the three hospital facilities managed by JHP Management, Inc. of which JHHS is the sole member. RSC distributes medical-surgical supplies, products and other services to the member facilities. The Corporation owns 82% of the joint venture. JHHS is one of the corporate members of the Corporation. TPG primarily employs physicians and physician extenders who work through the Corporation's healthcare system.

Under certain conditions as described in the Master Indenture, an Obligated Group Member may withdraw from the Obligated Group. Each of the Corporation, JHHS, TPG and JH Properties is an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and exempt from federal income tax under Section 501(a) of the Code. RSC is a limited liability company treated as a partnership for federal and state income tax purposes, the interests of which are owned exclusively by (i) charitable entities treated as exempt from federal income tax under Section 501(c)(3) of the Code and (ii) governmental entities treated as exempt from federal income tax under Section 115 of the Code. The Corporation, JH Properties, JHHS, TPG and RSC are collectively referred to herein as the Borrowers. RSC, TPG and JHHS will not use any proceeds from the Series 2008 Bonds. For further information concerning the Borrowers, their history, facilities, services and operations (including certain statistical and financial information) and the organization and financial performance of the Borrowers, see *APPENDIX A* and *APPENDIX B*.

Purpose of the Series 2008 Bonds

The proceeds to be received by the Issuer from the sale of the Series 2008 Bonds will be loaned to the Corporation pursuant to a Loan Agreement (the "Loan Agreement") dated as of June 1, 2008, between the Issuer and the Corporation. Such proceeds will be used together with other available funds, to provide funds to the Corporation in order to (i) pay all or a portion of the costs of (a) the construction and equipping of a new power plant facility at Sts. Mary & Elizabeth Hospital, 1850 Bluegrass Avenue, Louisville, Kentucky (the "Power Plant Project"), (b) renovations and equipping of (1) the main Jewish Hospital & St. Mary's HealthCare medical campus, 200 Abraham Flexner Way, Louisville, Kentucky, (2) Frazier Rehab Institute, 200 Abraham Flexner Way, Louisville, Kentucky, (3) Sts. Mary & Elizabeth Hospital, 1850 Bluegrass Avenue, Louisville, Kentucky, (4) Our Lady of Peace, 2020 Newburg Road, Louisville, Kentucky, and (5) Jewish Hospital Medical Center Southwest, 9700 Stonestreet Road, Louisville, Kentucky, (ii) reimburse the Corporation for past capital expenditures at any or all of the facilities described in (a) and (b) (all of the improvements described above, the "Improvements Project"); (iii) currently refund the outstanding (a) County of Jefferson, Kentucky, Health Facilities Revenue Bonds, Series 2002 (Jewish Hospital HealthCare Services, Inc. Project), dated as of July 1, 2002 (the "Series 2002 Bonds") and (b) Louisville/Jefferson County Metro Government Health Facilities Revenue Bonds, Series 2004 (Jewish Hospital HealthCare Services, Inc. Project), dated as of June 1, 2004 (the "Series 2004 Bonds") (iv) pay certain costs in connection with the termination or modification of interest rate agreements related to the Series 2002 Bonds and the Series 2004 Bonds ((iii) and (iv) are referred to as the "Refunding Project") and (v) pay certain costs of issuance (all of the foregoing collectively, the "Project"). A more detailed description of the uses of the proceeds of the Series 2008 Bonds, including the purposes and approximate amounts thereof, appears under the captions "THE PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

Existing Indebtedness

The Issuer's predecessor[1], the County of Jefferson, Kentucky previously issued its County of Jefferson, Kentucky Health Facilities Revenue Bonds, Series 1996 (Jewish Hospital HealthCare Services, Inc. Project) (the "Series 1996 Bonds"), which are secured by the 1996 Note (the "Series 1996 Note") issued by the Obligated Group under the 1987 Master Indenture, the Third Supplemental Master Indenture and related Second Amendment to Security Agreement in connection therewith, all as defined herein.

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1 In November 2000, voters approved the consolidation of the County of Jefferson, Kentucky and the City of Louisville, Kentucky into the Louisville/Jefferson County Metro Government, effective January 2007.

The Issuer also previously issued the Series 2002 Bonds, which are secured by the 2002 Notes (the "Series 2002 Notes") issued by the Obligated Group under the 1987 Master Indenture, the Fourth Supplemental Master Indenture and related Third Amendment to Security Agreement in connection therewith, all as defined herein. In connection with the Series 2002 Bonds, the Corporation issued its five Hedge Agreement Notes (the "Hedge Agreement Notes") under the Original Master Indenture in favor of a counterparty pursuant to an interest rate exchange agreement entered into in connection with the Series 2002 Bonds in order to evidence its obligations to the counterparty under the interest rate exchange agreement entered into in connection with the Series 2002 Bonds.

The County of Jefferson, Kentucky also previously issued the Series 2004 Bonds, which are secured by the 2004 Notes (the "Series 2004 Notes") issued by the Obligated Group under the 1987 Master Indenture, the Fifth Supplemental Master Indenture and related Fourth Amendment to Security Agreement in connection therewith, all as defined herein.

The Obligated Group issued a Series 2005 Note (the "CHI Note"), dated November 1, 2005, in the principal amount of $50,183,322.31 payable to Catholic Health Initiatives under the 1987 Master Indenture and the Sixth Supplemental Master Indenture, as defined herein. The CHI Note is secured by the Fifth Amendment to Security Agreement, as defined herein.

On December 11, 2007, modification of the July 12, 2006 confirmation for an interest rate swap agreement entered into by the Corporation occurred, resulting in the issuance of an Amended and Restated Series 2006 Hedge Agreement Note (the "Amended 2006 Hedge Note"), all under the 1987 Master Indenture and the Seventh Supplemental Master Indenture, as defined herein.

The Series 2002 Bonds and the Series 2004 Bonds are to be refunded through the proceeds of the Series 2008 Bonds, while any termination payments due to counterparties under the Hedge Agreement Notes and the Amended 2006 Hedge Note, upon their termination, will also be paid from proceeds of the Series 2008 Bonds. The Series 1996 Bonds and the CHI Note will remain outstanding upon issuance of the Series 2008 Bonds.

Security

The Series 2008 Bonds will be issued pursuant to the Bond Indenture. The proceeds of the Series 2008 Bonds will be loaned to the Corporation pursuant to the Loan Agreement. The Series 2008 Bonds will be special limited obligations of the Issuer and will be secured in part by the Series 2008 Note (the "Series 2008 Note"). The Series 2008 Note will be issued pursuant to an Amended and Restated Master Trust Indenture, dated as of June 1, 2008 (the "Master Trust Indenture"), between the Obligated Group and The Bank of New York Trust Company, N.A., as trustee (the "Master Trustee"), as amended and supplemented by Supplemental Indenture No. 1, dated June 1, 2008 between the Corporation and the Master Trustee. The Master Trust Indenture amends and restates the Master Trust Indenture, dated as of February 15, 1987 (the "1987 Master Indenture"), with The Bank of New York Trust Company, N.A. (as successor to Branch Banking and Trust Company, the acquirer of Bank of Louisville, formerly known as Mid-America Bank of Louisville and Trust Company), as trustee (the "Original Master Trustee"), as amended and supplemented by Supplemental Indenture No. 1, dated February 15, 1987 (the "First Supplemental Master Indenture"), by Supplemental Indenture No. 2, dated June 1, 1992 (the "Second Supplemental Master Indenture"), by Supplemental Indenture No. 3, dated as of October 1, 1996 (the "Third Supplemental Master Indenture"), by Supplemental Indenture No. 4, dated as of July 1, 2002 (the "Fourth Supplemental Master Indenture"), by Supplemental Indenture No. 5, dated as of June 1, 2008 (the "Fifth Supplemental Master Indenture"), by Supplemental Indenture No. 6, dated November 1, 2005 (the "Sixth Supplemental Master Indenture"), and by Supplemental Indenture No. 7, dated December 11, 2007 (the "Seventh Supplemental Master Indenture," and together with the 1987 Master Indenture, the First

Supplemental Master Indenture, the Second Supplemental Master Indenture, the Third Supplemental Master Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Master Indenture and the Sixth Supplemental Master Indenture, the "Original Master Indenture") between the Obligated Group and the Original Master Trustee.

The Master Trust Indenture, among other items, incorporates the Series 1996 Note and the CHI Note as a part of its terms.

The Issuer will pledge and assign as security for the Series 2008 Bonds (i) all right, title and interest of the Issuer in and to the Series 2008 Note and all sums payable in respect of the indebtedness evidenced thereby; (ii) all right, title and interest of the Issuer in and to the Loan Agreement and the amounts payable to the Issuer under the Loan Agreement (excluding Unassigned Rights); and (iii) any and all other property of every kind and nature from time to time by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Bond Indenture by the Issuer, the Corporation, any other Obligated Group Member or anyone on their behalf to the Bond Trustee, including, without limitation, funds of the Corporation held by the Bond Trustee as security for the Series 2008 Bonds. The terms of the Loan Agreement and the Series 2008 Note will require payments by the Corporation that together with other moneys available therefore (and interest thereon) will be sufficient to provide for the payment of the principal of and interest and premium, if any, on the Series 2008 Bonds. The Series 2008 Note will entitle the Bond Trustee, as the holder thereof, to the protection of the covenants, restrictions and other obligations imposed upon the Obligated Group by the Master Indenture.

Under certain circumstances the Master Indenture or the Bond Indenture may be amended without the consent of the owners of the Series 2008 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Supplements and Amendments" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Supplemental Bond Indentures" in *APPENDIX C* to this Official Statement. See "SECURITY FOR THE SERIES 2008 BONDS" herein.

The Series 2008 Note

Security for the Notes. Indebtedness issued under the Master Trust Indenture, including the Series 2008 Note, the Series 1996 Note and the CHI Note, is the joint and several obligation of all Obligated Group Members. The Master Indenture contains certain tests that must be satisfied for entry into or withdrawal from the Obligated Group. Notwithstanding uncertainties as to enforceability of the covenant of each Obligated Group Member to be jointly and severally liable for Indebtedness issued under the Master Indenture (as described under "BONDHOLDERS' RISKS - Enforceability of Certain Covenants in the Master Indenture"), the accounts of the Corporation and all other Obligated Group Members will be consolidated for purposes of determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are met. The Notes issued by the Obligated Group and from time to time outstanding under the Master Indenture, including the Series 2008 Note, the Series 1996 Note and the CHI Note, and Additional Indebtedness, if any (whether or not pledged under any Bond Indenture), are collectively referred to as the "Notes."

The Series 2008 Note is the joint and several obligation of the Corporation and the other Obligated Group Members and, except as described herein, will not be secured by a mortgage on or a security interest in any real or tangible personal property of the Obligated Group. However, all Obligated Group Members have entered into an Amended and Restated Security Agreement (the "Security Agreement"), dated as of June 1, 2008 with the Master Trustee pursuant to which all Obligated Group Members have granted to the Master Trustee a security interest in "Pledged Collateral" as security for the payment of the Series 2008 Note, the Series 1996 Note and the CHI Note. In connection with the Series

2002 Notes, the Series 2004 Notes, the CHI Note, the Hedge Agreement Notes and the Amended 2006 Hedge Note, all of which payment will be provided for through proceeds from the sale of the Series 2008 Bonds, and the Series 1996 Note and the CHI Note, which will remain outstanding upon sale of the Series 2008 Bonds, all Obligated Group Members entered into the Security Agreement (the "1987 Security Agreement"), dated as of February 15, 1987, amended by the First Amendment to Security Agreement (the "First Amendment to Security Agreement"), dated as of June 1, 1992, as further amended by the Second Amendment to Security Agreement (the "Second Amendment to Security Agreement"), dated as of September 15, 1996, as further amended by the Third Amendment to Security Agreement (the "Third Amendment to Security Agreement"), dated as of July 1, 2002, as further amended by the Fourth Amendment to Security Agreement, dated as of June 1, 2004 (the "Fourth Amendment to Security Agreement"), and further amended by the Fifth Amendment to Security Agreement, dated as of November 1, 2005 (the "Fifth Amendment to Security Agreement", together with the 1987 Security Agreement, the First Amendment to Security Agreement, the Second Amendment to Security Agreement, the Third Amendment to Security Agreement and the Fourth Amendment to Security Agreement, the "Original Security Agreement"), with the Original Master Trustee pursuant to which all Obligated Group Members granted to the Original Master Trustee a security interest in "Pledged Collateral" as security for the payment of the Series 1996 Note, the Series 2002 Notes, the Series 2004 Notes, the CHI Note, the Hedge Agreement Notes, the Amended 2006 Hedge Note, and all other Notes under the Original Master Indenture**.** With the refunding of the Series 2002 Bonds and the Series 2004 Bonds, and the payment of any termination payments due under the Hedge Agreement Notes and the Amended 2006 Hedge Note, the security interest in the "Pledged Collateral" in favor of the Original Master Trustee under the Original Security Agreement will be released except as to the Series 1996 Note and the CHI Note. "Pledged Collateral" means generally the accounts receivable, contract rights, cash, checks, drafts and general intangibles and, to the extent not included in the foregoing, the Revenues of the Obligated Group (see, "DEFINITIONS OF CERTAIN TERMS" in *APPENDIX C* hereto). See information under the caption "BONDHOLDERS' RISKS - Certain Matters Relating to Security for the Series 2008 Bonds" herein.

Additional Indebtedness. Under certain specified conditions, the Master Indenture permits Obligated Group Members to issue Additional Indebtedness secured on a parity with the Series 2008 Note. See "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Particular Covenants of the Obligated Group" in *APPENDIX C* for a description of the restrictions imposed on the Obligated Group's actions for the benefit of all holders of Indebtedness issued under the Master Indenture. Such provisions include, among others, restrictions on liens on the Obligated Group's Property (see the subheading "Security; Restrictions on Encumbering Property; Payment of Principal and Interest"); restrictions on the incurrence of Additional Indebtedness (see the subheading "Limitations on Incurrence of Additional Indebtedness"); provisions governing the transfer of the Obligated Group's Property (see the subheading "Sale, Lease or Other Disposition of Operating Assets" and the subheading "Disposition of Cash and Investments"); and provisions governing its rates and charges (see the subheading "Long-Term Debt Service Coverage Ratio").

Bondholders' Risks

There are risks associated with the purchase of the Series 2008 Bonds. See "BONDHOLDERS' RISKS" for a discussion of certain of these risks.

Additional Information

This Official Statement contains descriptions of, among other matters, the Series 2008 Bonds, the Series 2008 Note, the Bond Indenture, the Loan Agreement, the Security Agreement, the Escrow Agreements, as herein defined , the Master Indenture, the Issuer and the Obligated Group. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bond Indenture, the Loan Agreement, the Security Agreement, the Escrow Agreements and the Master Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2008 Bonds and the Series 2008 Note are qualified in their entirety by reference to the forms thereof included in the Bond Indenture and the Master Indenture, respectively. Until the issuance and delivery of the Series 2008 Bonds, copies of the Bond Indenture, the Loan Agreement, the Security Agreement, the Escrow Agreements, the Master Indenture and other documents described herein may be obtained from UBS Securities LLC (the "Representative"), upon payment of the cost of complying with such request. After delivery of the Series 2008 Bonds, copies of such documents will be available for inspection at the principal corporate trust office of the Bond Trustee. Definitions of certain terms used herein are found in *APPENDIX C* hereto.

THE PLAN OF FINANCE

General

The Corporation will use the proceeds of the Series 2008 Bonds, together with other available funds, to finance (i) the Refunding Project; (ii) the costs of the Improvements Project; and (iii) the payment of certain costs of issuance incurred in connection with the issuance of the Series 2008 Bonds. A more detailed description of the uses of the proceeds of the Series 2008 Bonds including the purposes and approximate amounts thereof, appears under the caption "ESTIMATED SOURCES AND USES OF FUNDS."

The Improvements Project

The Corporation will use $30,000,000 of the proceeds of the Series 2008 Bonds to finance the Improvements Project with approximately $10,000,000 to be used for the Power Plant Project, approximately $5,000,000 to be used for renovations and equipping of (1) the main Jewish Hospital & St. Mary's HealthCare medical campus, 200 Abraham Flexner Way, Louisville, Kentucky, (2) Frazier Rehab Institute, 220 Abraham Flexner Way, Louisville, Kentucky, (3) Sts. Mary & Elizabeth Hospital, 1850 Bluegrass Avenue, Louisville, Kentucky, (4) Our Lady of Peace, 2020 Newburg Road, Louisville, Kentucky, and (5) Jewish Hospital Medical Center Southwest, 9700 Stonestreet Road, Louisville, Kentucky, and approximately $15,000,000 to be used for reimbursements for past capital expenditures at one or more of the described facilities. However, the Corporation may adjust its allocations of bond proceeds among the various components of the Improvements Project from the estimated allocations.

THE SERIES 2008 BONDS

General Description of the Series 2008 Bonds

So long as DTC (as defined herein) acts as securities depository for the Series 2008 Bonds, as described under the "BOOK-ENTRY SYSTEM" herein, all references herein to Bondholders are deemed to refer to Cede & Co., as nominee for DTC, and not to Participants, Indirect Participants or Beneficial Owners (as defined herein).

Terms

The Series 2008 Bonds will be dated June 1, 2008, and will bear interest at the rates set forth on page i of this Official Statement, computed using a year of 360 days comprised of twelve (12) thirty (30) day months, payable in arrears on December 1, 2008, and semi-annually thereafter on each June 1 and December 1, (each, an "Interest Payment Date") and subject to the redemption provisions set forth below, will mature on June 1 in the years and in the amounts set forth on the inside cover hereof.

Denominations and Places of Payment

The Series 2008 Bonds are issuable as fully registered bonds in denominations of $5,000 or any whole multiple thereof. The Series 2008 Bonds may be redeemed in part from time to time in one or more units of $5,000.

Principal of the Series 2008 Bonds is payable at the designated corporate trust office of the Bond Trustee. Interest thereon is payable by check and mailed to the person in whose name each Series 2008 Bond is registered on the Record Date (the 15th day preceding each Interest Payment Date).

SO LONG AS THE SERIES 2008 BONDS ARE REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF DTC, PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2008 BONDS WILL BE PAID AS DESCRIBED HEREIN UNDER "BOOK-ENTRY SYSTEM."

Optional Redemption

The Series 2008 Bonds maturing on or after June 1, 20___, are subject to optional redemption in whole on any date or in part on any Interest Payment Date, on or after June 1, 20___, at the following redemption prices (expressed as percentages of the principal amount of Series 2008 Bonds being redeemed) plus accrued interest to the redemption date, all in the manner provided in the Bond Indenture:

Redemption Period	Price
June 1, 20__ through May 31, 20___	__________%
June 1, 20__ through May 31, 20___	__________%
June 1, 20__ and thereafter	__________%

Sinking Fund Redemption

The Series 2008 Bonds maturing June 1, 20___, are subject to mandatory sinking fund redemption in part by lot or in such random manner as the Bond Trustee deems appropriate on June 1, 20___, and on each June 1, from funds on deposit in the Redemption Account of the Bond Fund at the principal amount of the Series 2008 Bonds to be redeemed plus accrued interest to the date of redemption:

Year	Amount
20___	$_______________
20___	$_______________
20___	$_______________
20___	$_______________
20___	$_______________
20___	$_______________*

The Series 2008 Bonds maturing on June 1, 20___, are subject to mandatory sinking fund redemption in part by lot or in such random manner as the Bond Trustee deems appropriate on June 1, 20___, and on each June 1, from funds on deposit in the Redemption Account of the Bond Fund at the principal amount of the Series 2008 Bonds to be redeemed plus accrued interest to the date of redemption:

---

*Maturity

Year	Amount
20___	$_______________
20___	$_______________
20___	$_______________
20___	$_______________*

The Series 2008 Bonds maturing on June 1, 20___, are subject to mandatory sinking fund redemption in part by lot or in such random manner as the Bond Trustee deems appropriate on June 1, 20___, and on each June 1, from funds on deposit in the Redemption Account of the Bond Fund at the principal amount of the Series 2008 Bonds to be redeemed plus accrued interest to the date of redemption:

Year	Amount	Year	Amount
20___	$_______________	20___	$_______________
20___	$_______________	20___	$_______________
20___	$_______________	20___	$_______________*

*Maturity

Extraordinary Optional Redemption.

The Series 2008 Bonds are callable for redemption prior to maturity in the event of damage to or destruction of the Property, Plant and Equipment (as defined in the Master Indenture) if the Corporation determines, in accordance with the Master Indenture, not to apply the Net Proceeds of insurance to the acquisition or replacement of Property, Plant and Equipment or of condemnation of the Property, Plant and Equipment if the Corporation determines, in accordance with the Master Indenture, not to apply the Net Proceeds of any condemnation award or the proceeds received in lieu thereof to the acquisition or replacement of Property, Plant and Equipment. *See APPENDIX C* - "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE." If called for redemption in the event referred to above, the Series 2008 Bonds shall be subject to redemption by the Issuer, upon direction of the Corporation at any time, in whole or in part, and if in part, by lot or in such random manner as the Bond Trustee deems appropriate prior to maturity at any time for which the requisite notice can be given, from moneys deposited with or held by the Bond Trustee from the proceeds received by the Obligated Group with respect to such event, but, if redeemed in part, only in principal amounts of $100,000 and integral multiples of $5,000 in excess thereof, upon payment of a redemption price equal to the principal amount of the Bonds being redeemed plus accrued interest to the redemption date.

Extraordinary Mandatory Redemption of Bonds.

The Series 2008 Bonds are subject to extraordinary mandatory redemption by the Issuer, in whole, out of moneys deposited with or held by the Trustee for such purpose, upon payment of a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, following the occurrence of (i) a change in the Constitution of the Commonwealth or the United States of America or a legislative or administrative action (whether local, state, or federal), or a final decree, judgment, or order of any court or administrative body (whether local, state, or federal), after all allowable appeals or expiration of the time therefore, causes the Bond Indenture, the Loan Agreement, the Master Trust Indenture, the Series 2008 Note or the Series 2008 Bonds to become void or unenforceable or impossible of performance in accordance with the intended purposes of the parties as expressed therein; or (ii) upon the occurrence of a Determination of Taxability and at the time the Corporation prepays the Series 2008 Note pursuant to the Loan Agreement.

The date of redemption shall be the first Interest Payment Date for which requisite notice can be given. In the event of a Determination of Taxability, the date of redemption for the Series 2008 Bonds shall be the date (and in no event longer than sixty (60) days after the date of Determination of Taxability) the Trustee receives payment of the redemption price in accordance with the Loan Agreement.

Retained Call Rights

All or a portion of the Series 2008 Bonds may, in the future, be refunded or defeased to any redemption date or maturity for such Series 2008 Bonds. In connection with the issuance of the Series 2008 Bonds, the Issuer, the Bond Trustee and the Corporation have reserved all of the call rights pertaining thereto after June 1, 20__. Therefore, subject to certain requirements in the Bond Indenture, subsequent to the date that cash and/or Government Obligations are deposited with the Bond Trustee to provide for the payment of all or any portion of any of the Series 2008 Bonds at the respective maturity dates therefor or any redemption date therefor, the Issuer may, if directed by the Corporation, elect to call such Series 2008 Bonds (or any portions thereof) on any earlier redemption date applicable to such Series 2008 Bonds. Subsequent to the date that cash and/or Government Obligations are deposited with the Bond Trustee to provide for the payment of all or any portion of the Series 2008 Bonds at any redemption date or dates applicable to such Series 2008 Bonds (but prior to the giving of any notice of redemption with respect to such Series 2008 Bonds pursuant to the Bond Indenture), the Issuer may, if directed by the Corporation, elect to pay such Series 2008 Bonds (or any portion thereof) on any later redemption date applicable to such Series 2008 Bonds or at the respective maturity dates therefor. See "THE SERIES 2008 BONDS - Optional Redemption" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Defeasance" in *APPENDIX* C.

Transfer and Exchange of Series 2008 Bonds; Persons Treated as Owners

The Issuer shall cause the Bond Register to be kept at the designated corporate trust office of the Bond Trustee, as Bond Registrar. Upon surrender for transfer of any Series 2008 Bond at the designated corporate trust office of the Bond Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Trustee and duly executed by, the registered owner or the attorney of such owner duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate, date and deliver in the name of the transferee or transferees a new Series 2008 Bond or Bonds of the same maturity, of authorized denominations, for the same aggregate principal amount and of like tenor. Any Series 2008 Bond(s) may be exchanged at said office of the Bond Trustee for the same aggregate principal amount of Series 2008 Bond(s) of other authorized denominations and of like tenor. The execution by the Issuer of any Series 2008 Bond shall constitute full and due authorization of such Series 2008 Bond and the Bond Trustee shall thereby be authorized to authenticate, date and deliver such Bond.

If any Series 2008 Bond is transferred or exchanged on the Bond Register by the Bond Trustee after notice of the optional redemption of such Series 2008 Bond has been given, the Bond Trustee shall attach a copy of such notice to the Series 2008 Bond issued in connection with such transfer or exchange.

The Person in whose name any Series 2008 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of or on account of principal thereof and premium, if any, thereon and interest due thereon and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2008 Bond to the extent of the sum or sums so paid.

The Issuer and the Bond Trustee may charge each Series 2008 Bondholder requesting an exchange, change in registration or registration of transfer a sum not exceeding the actual cost of any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer, except in the case of the issuance of a definitive Series 2008 Bond for a temporary Series 2008 Bond and except in the case of the issuance of a Series 2008 Bond or Bonds for the unredeemed portion of a Series 2008 Bond surrendered for redemption pursuant to the provisions of the Bond Indenture.

Selection for Redemption

In lieu of redeeming Series 2008 Bonds, the Bond Trustee may, at the written request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2008 Bonds to purchase for cancellation Series 2008 Bonds specifically designated by the Corporation in the open market at a price not exceeding the principal amount of the Series 2008 Bonds to be purchased, plus accrued interest. In the case of any optional or extraordinary optional redemption or any purchase or cancellation of Series 2008 Bonds, the Issuer will receive credit against its required Bond Sinking Fund deposits with respect to such Series 2008 Bonds in the same manner as would be applicable if such Series 2008 Bonds were optionally redeemed. In the case of any optional or extraordinary optional redemption or any purchase and cancellation of Series 2008 Bonds, the Issuer shall receive credit against its required Bond Sinking Fund deposits with respect to such Series 2008 Bonds of the same maturity in such order as the Corporation shall designate prior to such optional or extraordinary optional redemption or purchase and cancellation or, if no such election is made, in the inverse order thereof.

Notice of Redemption; Effect

A copy of the notice of the call for any such redemption identifying the Series 2008 Bonds to be redeemed shall be given by first class mail, postage prepaid, to the registered owners of Series 2008 Bonds to be redeemed at their addresses as shown on the Bond Register not less than thirty (30) days but no more than forty-five (45) days prior to the redemption date. Except for mandatory Bond Sinking Fund redemptions as described above, prior to the date that the redemption notice is first given, funds shall be irrevocably deposited with the Bond Trustee to pay such Series 2008 Bonds, or such notice shall state that any redemption is conditional on such funds being deposited with the Bond Trustee on the redemption date, and that a failure to make such deposit shall not constitute an event of default under the Bond Indenture. Failure to give notice in the manner prescribed in the Bond Indenture shall not affect the validity of the proceedings for redemption of any Series 2008 Bond with respect to which notice was properly given. If any Series 2008 Bond is transferred or exchanged on the Bond Register by the Bond Registrar after notice has been given of a redemption of such Series 2008 Bond, the Bond Registrar will attach a copy of such notice to the Series 2008 Bond in connection with such transfer.

SECURITY FOR THE SERIES 2008 BONDS

General

The Series 2008 Bonds are special limited obligations of the Issuer and are payable solely from (i) payments or prepayments to be made on the Series 2008 Note; (ii) payments to be made under the Loan Agreement (other than Unassigned Rights); (iii) moneys and investments held by the Bond Trustee under, and to the extent provided, in the Bond Indenture; (iv) proceeds from certain insurance and condemnation awards or proceeds from sales consummated under threat of condemnation in certain circumstances; and (v) income from the investments of any of the foregoing. Certain investment earnings or monies held by the Bond Trustee may be transferred to a Rebate Fund established pursuant to the Tax Exemption Agreement, as defined in *APPENDIX C* hereto. Amounts held in such Rebate Fund will not be part of the trust estate pledged to secure the Series 2008 Bonds, and, consequently, will not be available to make payments on the Series 2008 Bonds.

The rights of the Issuer in and to the Series 2008 Note and the amounts payable thereon and the amounts payable to the Issuer under the Loan Agreement (other than Unassigned Rights) have been assigned to the Bond Trustee under the Bond Indenture to provide for and to secure the payment of principal of, premium, if any, and interest on the Series 2008 Bonds. The Corporation agrees under the Loan Agreement to make the payments on the Series 2008 Note pledged under the Bond Indenture directly to the Bond Trustee. See "SECURITY FOR THE NOTES - General" below.

The Loan Agreement also imposes certain restrictions on the Obligated Group's actions for the benefit of the Issuer and the owners of the Series 2008 Bonds. See *APPENDIX C* - "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT."

Amendments to Certain Documents Securing the Series 2008 Bonds

Certain amendments to the Bond Indenture and the Loan Agreement may be made with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding Series 2008 Bonds and certain amendments to the Master Indenture may be made with the consent of the holders of not less than a majority of the aggregate principal amount of Notes then Outstanding. Such amendments may adversely affect the security of the holders of the affected Series 2008 Bonds. The holders of a majority of the Notes then Outstanding could be comprised wholly or partially of the owners of the Notes other than the Series 2008 Note.

Commonwealth Not Liable on the Series 2008 Bonds

THE SERIES 2008 BONDS WILL NOT BE GENERAL OBLIGATIONS OF AND WILL NOT CONSTITUTE INDEBTEDNESS OF THE ISSUER, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OR TAXING AUTHORITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2008 BONDS OR THE COSTS INCIDENTAL THERETO.

SECURITY FOR THE NOTES

General

The Series 2008 Note is a joint and several obligation of the Corporation and the other Obligated Group Members; it will not be secured by a mortgage on or a security interest in any real or tangible personal property of the Obligated Group. Pursuant to the Security Agreement, however, each Obligated Group Member has granted to the Master Trustee a security interest in Pledged Collateral as security for the payment of the Series 2008 Note issued under the Master Indenture. "Pledged Collateral" means generally the accounts receivable, contract rights, cash, checks, drafts and general intangibles and, to the extent not included in the foregoing, the Revenues of the Obligated Group (see "DEFINITIONS OF CERTAIN TERMS" in *APPENDIX C* hereto).

The Master Indenture

Notes issued under the Master Indenture, including the Series 2008 Note, are the joint and several obligation of all Obligated Group Members. The Master Indenture contains certain tests which must be satisfied for entry into or withdrawal from the Obligated Group. Notwithstanding uncertainties as to enforceability of the covenant of each Obligated Group Member to be jointly and severally liable for Notes issued under the Master Indenture (as described under "BONDHOLDERS' RISKS - Enforceability of Certain Covenants in the Master Indenture"), the accounts of the Corporation and all other Obligated Group Members will be consolidated for purposes of determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are met.

Obligated Group Members Pledge of Pledged Collateral

Payments on the Series 2008 Note are required to be sufficient to pay in full and when due the principal of, redemption premium, if any, and interest on the Series 2008 Bonds as they become due and payable. The Series 2008 Note issued under the Master Indenture will be the joint and several liability of the Obligated Group, regardless of which Obligated Group Member is the maker of the Series 2008 Note. No real or tangible personal property of any Obligated Group Member will be mortgaged, assigned or pledged as security for the Series 2008 Note; however, all Obligated Group Members have entered into the Security Agreement with the Master Trustee pursuant to which all Obligated Group Members have granted to the Master Trustee a security interest in certain revenues and other intangibles constituting the "Pledged Collateral" (see "DEFINITIONS OF CERTAIN TERMS" *in APPENDIX C* hereto) as security for the payment of the Series 2008 Note and all other Notes issued under the Master Indenture, including the Series 1996 Note and the CHI Note. Under certain conditions as described in the Master Indenture, Obligated Group Members may withdraw from the Obligated Group, and other Affiliates may become Obligated Group Members. See the headings "Additional Obligated Group Members" and "Withdrawal from Obligated Group" under the caption SUMMARY OF THE MASTER INDENTURE in *APPENDIX C* hereto.

Additional Indebtedness

Under certain specified conditions, the Master Indenture permits Obligated Group Members to incur Additional Indebtedness. See "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Limitations on Incurrence of Additional Indebtedness" in *APPENDIX C* for a description of the restrictions imposed on the Obligated Group's actions for the benefit of all holders of Notes issued under the Master Indenture. Such provisions include, among others, restrictions on liens on the Obligated Group's Property (see "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE Particular Covenants of the Obligated Group - Security; Restrictions on Encumbering Property; Payment of Principal and Interest"); restrictions on the incurrence of Additional Indebtedness (see "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Particular Covenants of the Obligated Group - Limitations on Incurrence of Additional Indebtedness"); provisions governing the transfer of the Obligated Group's Property (see "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Particular Covenants of the Obligated Group - Sale, Lease or Other Disposition of Operating Assets" and the subheading "Disposition of Cash and Investments"); and provisions governing its rates and charges (see SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE Particular Covenants of the Obligated Group - Long-Term Debt Service Coverage Ratio") .

Additional Notes issued under the Master Indenture may be issued to the Issuer and to Persons other than the Issuer. Additional Notes need not be pledged under the Bond Indenture, but will rank at least equally and ratably (except as described herein) with the Series 2008 Note pledged under the Bond Indenture.

BOOK-ENTRY SYSTEM

The ownership of one fully registered Series 2008 Bond in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over two (2) million issues of U.S. and non -U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in any Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Series 2008 Bonds are in the book-entry-only system, redemption notices shall be sent to Cede & Co. If less than all of the Series 2008 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC' s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2008 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC' s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For every transfer and exchange of Series 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Issuer and discharging its responsibilities with respect thereto under applicable law, or the Issuer may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the provisions described under "THE SERIES 2008 BONDS-General Description of the Series 2008 Bonds" herein will apply. The Issuer may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. In such the event, Series 2008 Bonds will be delivered as described in the Bond Indenture.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall relate only to action by such Beneficial Owners or those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Bond Trustee to DTC only. The Bond Trustee and the Issuer, so long as a book-entry system is used for the Series 2008 Bonds, will send any notice of redemption or other notices to Bondowners only to DTC. Any failure of DTC to advise any Participant, or of any Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2008 Bonds called for redemption or of any other action promised on such notice.

NEITHER THE ISSUER, ANY MEMBER OF THE OBLIGATED GROUP NOR THE BOND TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE PERSONS FOR WHOM PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF PORTIONS OF THE SERIES 2008 BONDS FOR REDEMPTION.

NEITHER THE BOND TRUSTEE, ANY MEMBER OF THE OBLIGATED GROUP, NOR THE ISSUER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT OF A DEPOSITORY, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN ANY SERIES 2008 BONDS UNDER OR THROUGH A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY, OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND TRUSTEE AS BEING REGISTERED OWNERS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY, THE PAYMENT BY A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY OF ANY AMOUNT IN RESPECT OF PRINCIPAL OR PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2008 BOND, ANY NOTICE THAT IS REQUIRED TO BE GIVEN TO REGISTERED OWNERS UNDER THE BOND INDENTURE, THE SELECTION BY A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2008 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2008 BONDS.

THE ISSUER

The Issuer is a public body corporate and politic, duly created and existing as a political subdivision of the Commonwealth under the Constitution and laws of the Commonwealth. The Issuer is governed by the Metro Council composed of an elected Mayor and twenty-six elected Council Members. The Issuer is authorized by Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes, as amended (the "Act") to issue the Series 2008 Bonds and to loan the proceeds to the Corporation. The issuance of the Series 2008 Bonds and the execution and delivery of the Loan Agreement and the Bond Indenture have been authorized by an Ordinance of the Issuer acting by and through its Metro Council.

The present members of the Metro Council, in order of district represented, and the expiration dates of their terms are as follows:

Name	Term Expires
Jerry E. Abramson, Mayor	2010
Dr. Judith Green, Council Member	2010
Barbara Shanklin, Council Member	2008
Mary C. Woolridge, Council Member	2010
David Tandy, Council Member	2008
Cheri Bryant Hamilton, Council Member	2010
George Unseld, Council Member	2008
Kenneth C. Fleming, Council Member	2010
Tom Owen, Council Member	2008
Tina Ward-Pugh, Council Member	2010

Jim King, Council Member	2008
Kevin Kramer, Council Member	2010
Rick Blackwell, Council Member	2008
Ron Weston, Council Member	2010
Robert Henderson, Council Member	2008
Marianne Butler, Council Member	2010
Kelly Downard, Council Member	2008
Glen Stuckel, Council Member	2010
Julie Raque-Adams, Council Member	2008
Hal Heiner, Council Member	2010
Stuart Benton, Council Member	2008
Dan Johnson, Council Member	2010
Robin Engel, Council Member	2008
James Peden, Council Member	2010
Madonna Flood, Council Member	2008
Doug Hawkins, Council Member	2010
Ellen Call, Council Member	2008

ESTIMATED SOURCES AND USES OF FUNDS

As set forth under "THE PLAN OF FINANCE", the proceeds of the Series 2008 Bonds along with other funds available to the Corporation will be used by the Corporation to finance (i) the Refunding Project, (ii) the Improvements Project, and (iii) the costs of issuance.

Proceeds of the Series 2008 Bonds and other available funds are expected to be expended as follows:

Sources of Funds

Corporation Moneys	$_________
Series 2008 Bond Proceeds	$_________
Accrued Interest	$_________
TOTAL SOURCES OF FUNDS	$_________

Uses of Funds

Deposit into Project Fund	$_________
Deposit under Series 2002 Bond Escrow Agreement	$_________
Deposit under Series 2004 Bond Escrow Agreement	$_________
Hedge Agreement Notes Termination Payments	$_________
Accrued Interest	$_________
Costs of Issuance (1)	$_________
TOTAL USES OF FUNDS	$_________

(1) Costs of Issuance include Underwriters' discount, cost of printing, fees for legal counsel, accountants and other costs.

DEBT SERVICE REQUIREMENTS

The Series 1996 Bonds, the Series 2008 Bonds and the CHI Note

The following table sets forth the aggregate debt service on the outstanding Series 1996 Bonds, the Series 2008 Bonds and the CHI Note.

	Series 2008 Bonds			Series 1996 Bonds Total	CHI Note Total	Other Debt Service	Total Debt Service
Year [6]	Principal	Interest	Total				
6/1/09	-	$	$	$4,327,703	$	$	$
6/1/10	-			4,325,840			
6/1/11				4,322,983			
6/1/12				5,099,503			
6/1/13				5,102,688			
6/1/14				5,102,680		-	
6/1/15				5,099,198		-	
6/1/16				5,096,958		-	
6/1/17				5,085,395		-	
6/1/18				4,059,510		-	
6/1/19				4,084,860		-	
6/1/20				4,085,805		-	
6/1/21				4,088,200		-	
6/1/22				4,086,475		-	
6/1/23				4,083,800		-	
6/1/24				4,086,063		-	
6/1/25				4,087,400		-	
6/1/26				4,087,238		-	
6/1/27						-	
6/1/28						-	
6/1/29						-	
6/1/30						-	
6/1/31						-	
6/1/32						-	
6/1/33						-	
6/1/34						-	
6/1/35						-	
6/1/36						-	
6/1/37						-	
6/1/38						-	
	$	$	$	$	$	$	$

HISTORICAL COVERAGE OF HISTORICAL AND PRO FORMA DEBT SERVICE

The following schedule sets forth the Maximum Annual Debt Service Coverage for the three fiscal years of the Obligated Group ended December 31, 2005, 2006 and 2007 and for the three month interim periods ended March 31, 2007 and 2008, respectively. The following schedule also shows, on a pro forma basis, the resulting pro forma maximum annual debt service coverage in any future fiscal year on the Series

2008 Bonds and the other currently outstanding long-term indebtedness of the Obligated Group. Dollars are in thousands.

	Fiscal Years Ended December 31,			Three Months Ended March 31,	
	2005	**2006**	**2007**	**2007**	**2008**
Excess of revenues over expenses	______	______	______	______	______
Depreciation and amortization	______	______	______	______	______
Interest expense	______	______	______	______	______
EBIDA	______	______	______	______	______
Divided by:					
Maximum annual debt service*	______	______	______	______	______
Maximum Annual Debt Service Coverage	______	______	______	______	______
Pro forma maximum annual debt service*	______	______	______	______	______
Pro Forma Maximum Annual Debt Service Coverage	______	______	______	______	______

* Debt service on the CHI Note is based on an assumed interest rate of _____% per annum calculated ________.

BONDHOLDERS' RISKS

General

As described herein under the caption, "SECURITY FOR THE SERIES 2008 BONDS," the principal of, premium, if any, and interest on the Series 2008 Bonds are payable solely from amounts payable by the Corporation under the Loan Agreement and by the Obligated Group Members on the Series 2008 Note. No representation or assurance is given or can be made that revenues will be realized by the Corporation or other Obligated Group Members in amounts sufficient to pay debt service on the Series 2008 Bonds when due and other payments necessary to meet the obligations of the Obligated Group Members. These revenues are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below as well as those factors discussed under "SECURITY FOR THE SERIES 2008 BONDS" and "SECURITY FOR THE NOTES" should be considered in evaluating the ability of the Obligated Group

Members to make payments in amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2008 Bonds.

The receipt of future revenues by the Obligated Group Members will be subject to, among other factors, federal and state policies affecting the health care industries (including changes in reimbursement rates and policies), increased competition from other health care providers, the capability of the management of the Obligated Group Members and future economic and other conditions that are impossible to predict. The extent of the ability of the Obligated Group to generate future revenues has a direct effect upon the payment of principal of, premium, if any, and interest on the Series 2008 Bonds.

Neither the Underwriters nor the Issuer have made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group.

This discussion of risk factors is not, and is not intended to be, exhaustive.

Payment for Health Care Services

Third Party Payment Programs. Most of the net patient and resident service revenues of the Obligated Group are derived from third party payors that reimburse or pay for the services and items provided to patients covered by such third parties for such services, including the federal Medicare program, state Medicaid program and private health plans and insurers, health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs"), and other managed care payors. Many of these third-party payors make payments to the Obligated Group at rates other than the direct charges of the Obligated Group, which rates may be determined on a basis other than the actual costs incurred in providing services and items to patients. Accordingly, there can be no assurance that payments made under these programs will be adequate to cover the Obligated Group's actual costs of furnishing health care services and items. In addition, the financial performance of the Obligated Group could be adversely affected by the insolvency of, or other delay in receipt of payments from, third-party payors.

Medicare and Medicaid Programs. Medicare and Medicaid are the commonly used names for health care reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program and Medicaid is a combined federal and state program. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicare Part A covers inpatient services and certain other services, and Medicare Part B covers outpatient services, certain physician's services, medical supplies and durable medical equipment. Medicaid is designed to pay providers for care given to the medically indigent and others who receive federal aid. Medicaid is funded by federal and state appropriations and is administered by the Kentucky Department for Medicaid Services.

Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. For instance, the Medicare Prescription Drug, Improvement and Modernization Act of 2007 (the "MMA"), which contains a number of significant changes to the Medicare program, was signed into law on December 8, 2007. The purpose of much of the recent statutory and regulatory activity, including the MMA, has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs. Diverse and complex mechanisms to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs have been enacted, some of which are being implemented and some of which will be or may be implemented in the future.

Medicare. Net patient service revenues of the Obligated Group derived from the Medicare program accounted for _____% of the net patient service revenues of the Obligated Group in the fiscal year ended December 31, 2007. As a consequence, any adverse development or change in Medicare reimbursement could have a material adverse effect on the financial condition and results of operations of the Obligated Group Members. Medicare Part A pays acute care hospitals for most inpatient services under a payment system known as the "Prospective Payment System" or "PPS." Separate PPS payments are made for inpatient operating costs and inpatient capital-related costs. The laws and regulations governing Medicare reimbursement are extremely complex and subject to interpretation. In addition, there is no guarantee that the reimbursement methodologies described below will continue in their present format, since those methodologies and the associated payment rates have been the frequent subject of Congressional action. The following discussion outlines certain legislative and regulatory risk factors that have influenced, and are expected to influence, the revenues of the Obligated Group from Medicare reimbursement.

Inpatient Operating Costs. Acute care hospitals such as those owned by the Obligated Group are paid a specified amount towards their operating costs based on the Diagnosis Related Group ("DRG") to which each Medicare service is assigned, which is determined by the diagnosis and procedure and other factors for each particular inpatient stay. The amount paid for each DRG is established prospectively by the Centers for Medicare and Medicaid Services ("CMS"), an agency of the United States Department of Health and Human Services ("HHS"), and is not, with certain exceptions, related to a hospital's actual costs or variations in service or length of stay. For certain Medicare beneficiaries who have unusually costly hospital stays ("outliers"), CMS will provide additional payments above those specified for the DRG. Outlier payments cease to be available upon the exhaustion of such patient's Medicare benefits or a determination that acute care is no longer necessary, whichever occurs first. There is no assurance that any of these payments will cover the actual costs incurred by a hospital. In addition, recent revisions to the outlier regulations implemented in order to curb outlier payment abuse may adversely affect hospitals' ability to receive such subsidies.

Historically, DRG payments have been adjusted annually based on the hospital "market basket" index, or the cost of providing health care services. For every year since 1983, Congress has modified the increases and given substantially less than the increase in the market basket index. For federal fiscal years 2005-2007 and thereafter, the increases have equaled the market basket index since the Obligated Group agreed to participate in CMS' Hospital Quality Initiative and submitted required quality data for the federal fiscal years 2005-2007. There is no assurance that future increases in the DRG payments will keep pace with the increases in the cost of providing hospital services.

The Secretary of HHS is required to review annually the DRG categories to take into account any new procedures and reclassify DRGs and recalibrate the DRG relative weights, which reflect the relative hospital resources used by hospitals with respect to discharges classified within a given DRG category. There is no assurance that the Obligated Group will be paid amounts that will reflect adequately changes in the cost of providing health care or in the cost of health care technology being made available to patients. CMS may adjust DRG weights only on a budget-neutral basis.

Inpatient Rehabilitation and Psychiatric Facilities. Prior to 2002, certain hospitals and inpatient psychiatric and rehabilitation units were exempt from PPS and were instead reimbursed on a "reasonable cost" basis, subject to the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") rate of increase ceiling on inpatient costs per discharge. The Balanced Budget Act of 1997 (the "BBA") provided for the gradual elimination of these "cost based" reimbursement systems. In accordance with the final rule published on August 7, 2001, inpatient rehabilitation services were converted to a prospective payment system during a nine-month transition period commencing with cost reporting periods beginning on or after January 1, 2002 and prior to October 1, 2002. On May 7, 2008, CMS published a final rule revising the criteria used to classify a hospital as an inpatient rehabilitation facility, commonly referred to as the "seventy-five percent rule." This rule temporarily lowered a hospital's minimal percentage of inpatients who required intensive rehabilitative services in order to be deemed an inpatient rehabilitation facility. For cost reporting periods beginning July 1, 2008 and ending July 1, 2005, the compliance threshold lowered to 50% of the facility's total patient population. The compliance threshold gradually increased every year thereafter until returning to 75% on July 1, 2007. In addition, the final rule revised the list of medical conditions an inpatient must be treated for in order to be counted towards the facility's compliance threshold. This change in criteria did not have a financial impact. On November 28, 2003 CMS published a proposed rule to implement the conversion of inpatient psychiatric services to a prospective payment system, as mandated by the Balanced Budget Refinement Act of 1999 (the "1999

BBA Refinement Act"). The transition to this payment methodology had limited financial impact on the Obligated Group.

Inpatient Capital Costs. Hospitals are reimbursed on a fully prospective basis for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries. Thus, capital costs are reimbursed exclusively on the basis of a standard federal rate (based on average national costs), subject to certain adjustments (such as for disproportionate share, indirect medical education and outlier cases) specific to the hospital. As of October 1, 2002, hospitals became reimbursed at 100% of the standard federal rate for all capital costs. This applies to the standard federal rate before the application of the adjustment factors for outliers, exceptions and budget neutrality.

There can be no assurance that the prospective payments for capital costs will be sufficient to cover the actual capital-related costs of the Obligated Group allocable to Medicare patient stays or to provide adequate flexibility in meeting the Obligated Group's future capital needs.

Costs of Outpatient Services. Hospital outpatient services, including hospital operating and capital costs are reimbursed on a prospective payment system ("PPS") basis. Several Part B services are specifically excluded from this rule, including certain physician and non-physician practitioner services, ambulance, physical and occupational therapy, and speech pathology services.

Under hospital outpatient PPS, predetermined amounts are paid for designated services furnished to Medicare beneficiaries. CMS classifies outpatient services and procedures that are comparable clinically and in terms of resource use into ambulatory payment classification ("APC") groups. Using hospital outpatient claims data from the most recent available hospital cost reports, CMS determines the median costs for the services and procedures in each APC group.

APC rates are adjusted annually based on the hospital inpatient market basket percentage increase. For fiscal year 2008, the APC adjustment will be the full market basket percentage increase. There can be no assurance that the hospital PPS rate, which bases payment on APC groups rather than on individual services, will be sufficient to cover the actual costs of the Obligated Group allocable to Medicare patient care. CMS published an interim final rule on January 6, 2004 implementing the MMA increases to certain types of pass-through payments, which also includes an MMA-mandated increase in payments to rural hospitals, including sole community hospitals in rural areas, under the hospital outpatient PPS.

In addition to the APC rate, there is a predetermined beneficiary co-insurance amount for each APC group. There can be no assurance that the beneficiary will pay this amount.

Compliance and Reimbursement. Hospitals must comply with standards called "Conditions of Participation" in order to be eligible for Medicare and Medicaid reimbursement. CMS is responsible for ensuring that hospitals meet these regulatory Conditions of Participation. Under applicable Medicare rules, hospitals accredited by The Joint Commission on Accreditation of Healthcare Organizations ("Joint Commission") are deemed to meet the conditions of participation. Failure to maintain Joint Commission accreditation or to otherwise comply with the Conditions of Participation or applicable state licensing requirements could have a material adverse effect on the revenues of the Obligated Group. The last Joint Commission accreditation for the Corporation's provider-based facilities was effective January 27, 2006 for three years.

Medicare Audits. Hospitals participating in Medicare are subject to audits and retroactive audit adjustments with respect to reimbursement claimed under the Medicare program. The Obligated Group receives payments for various services provided to Medicare patients based upon charges or other reimbursement methodologies that are then reconciled annually based upon the preparation and submission of annual cost reports. Estimates for the annual cost reports are reflected as amounts due to/from third-party payors and represent several years of open cost reports due to time delays in the fiscal intermediaries' audits and the basic complexity of billing and reimbursement regulations. These estimates are adjusted periodically based upon correspondence received from the fiscal intermediary. Medicare regulations also provide for withholding Medicare payment in certain circumstances if it is determined that an overpayment of Medicare funds has been made. In addition, under certain circumstances, payments may be determined to have been made as a consequence of improper claims subject to the Federal False Claims Act or other federal statutes, subjecting the Obligated Group to civil or criminal sanctions. There is an increasingly expanding and complex body of laws, regulations and policies relating to Medicare, which is not directly related to Medicare payment. This body of laws includes reporting and other technical rules, as well as broadly stated prohibitions regarding inducement of business or referrals, all of which carry potentially significant penalties for noncompliance. Management of the Obligated Group is not aware of any situation whereby a material Medicare payment is being withheld from the Obligated Group.

Medicare Advantage. Medicare beneficiaries may obtain Medicare coverage through a managed care Medicare Advantage plan (formerly known as a "Medicare+Choice" plan). A Medicare Advantage plan may be offered by a coordinated care plan (such as an HMO or PPO), a provider sponsored organization ("PSO") (a network operated by health care providers rather than an insurance company), a private fee-for-service plan, or a combination of a medical savings account ("MSA") and contributions to a Medicare Advantage plan. Each Medicare Advantage plan, except an MSA plan, is required to provide benefits approved by the Secretary of HHS. A Medicare Advantage plan will receive a monthly capitated payment from HHS for each Medicare beneficiary who has elected coverage under the plan. Health care providers such as the Corporation must contract with Medicare Advantage plans to treat Medicare Advantage enrollees at agreed upon rates or may form a PSO to contract directly with HHS as a Medicare Advantage plan. Covered inpatient emergency services rendered to a Medicare Advantage beneficiary by a hospital that is an out-of-plan provider (i.e., that has not entered into a contract with a Medicare Advantage plan) will be paid at Medicare fee-for-service payment rates as payment in full.

The MMA made several substantive changes to Medicare+Choice in addition to renaming the program. These changes were designed to improve Medicare+Choice by providing increased payments to providers beginning in 2008 and by offering more health plan choices, including expanded rural coverage through the inclusion of regional plans, that began in 2006. Increased payments to Medicare Advantage providers became effective as of March 2008. There can be no assurance, however, that rates negotiated for the treatment of Medicare Advantage enrollees will be sufficient to cover the cost of providing services to such patients at the facilities of the Obligated Group.

Physician Payment. Certain physician services are covered by Part B of the Medicare program. Reimbursement for physician services is based on a Medicare fee schedule based on resource-based practice expense relative value units ("RBRVs"). The RBRVs fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The effect of the RBRVs generally is to increase the relative value of reimbursement for primary care procedures and to reduce the relative value of reimbursement for technology-based diagnostic procedures and for surgical procedures. The net result of this change is to reduce fee levels for specialty services and to increase fee levels for primary care services. The BBA established a new limit on the growth of Medicare payments for physician services, by establishing a "Sustainable Growth Rate" ("SGR") target that is calculated each calendar year. The SGR is a complex formula linked to changes in the U.S. Gross Domestic Product, and its use is intended to lower Medicare expenditures for physician services over time by adjusting based on target expenditures vs. actual expenditures for physician services. The MMA, however, increased payment amounts to physicians under the RBRV's fee schedule in 2004 and 2005 by increasing the underlying conversion factor used to calculate payment amounts.

Skilled Nursing Care. Medicare Part A reimburses on a PPS basis for certain post-acute inpatient skilled nursing and rehabilitation care for up to 100 days during the same spell of illness. The federal government has implemented a prospective payment system for Medicare reimbursement. PPS will also shift more of the financial risk of the cost of long-term care from the federal government to the provider. The PPS is based on historical costs and resource utilization of the residents. Geographic variations in labor costs are also considered. The federal government has implemented a prospective payment system for Medicare reimbursement based on the Resource Utilization Groups ("RUGs") system. Under RUGs, payments are made at a predetermined per diem amount. The Benefits Improvement and Protection Act of 2000 ("BIPA") provides for certain givebacks to Medicare-certified skilled nursing facilities ("SNFs"). The nursing component of each RUG was increased by 1% in fiscal year 2005, _____% in fiscal year 2006 and _____% in fixed year 2007. Direct care costs are subject to a ceiling that is based upon resource utilization needs of homogeneous groups of residents in the facility.

In addition to the PPS, the BBA enacted consolidated billing for certain Medicare services. Under consolidated billing, the payment will be made to the facility whether the item or service was furnished by the facility or by others under arrangement. It is now the responsibility of the skilled nursing facility to bill Medicare directly for services provided under arrangement. Some of the services excluded from the consolidated billing requirement include physician services, physician services provided by a physician's assistant, a nurse practitioner or certified nurse specialist, nurse-midwife services, certain dialysis supplies, erythropoietin for dialysis patients and transportation costs for electrocardiogram equipment. Under BIPA, effective January 1, 2001, consolidated billing requirements are limited to Part A services and Part B therapy services furnished to residents in Part A-covered stays and stays for therapy services covered under Parts A and B.

The Corporation currently provides skilled nursing services at Sts. Mary & Elizabeth Hospital, a 33 bed skilled nursing unit. Approximately _____% of the net patient service revenues of the Obligated Group for its fiscal year ended December 31, 2007 were derived from Medicare-certified skilled nursing care services.

Home Health Care. On July 3, 2000, CMS published a final rule implementing a prospective payment system for home health agencies. This rule became effective October 1, 2000. It completed the transition from the pre-BBA cost-based system and replaces the BBA-mandated interim payment system that has been in effect since October 1997. Under the rule, CMS pays home health agencies for sixty-day episodes of care and reimburses agencies at higher rates for beneficiaries with greater needs. The system uses national payment rates that vary with the level of care required by each beneficiary, adjusted to reflect area wage differences. CMS pays agencies 60% of the initial episode payment when they accept new Medicare patients as part of a streamlined approval process. The remaining 40% is paid at the completion of the episode of care. Under the MMA, the standard prospective payment amounts will be increased by the full market basket index increases less _____% for the fiscal years _____-_____.

Under the rule, Medicare pays home health agencies: (1) a partial payment up front for each covered 60-day episode of care; as long as beneficiaries continue to remain eligible for home health services, they may receive an unlimited number of medically necessary episodes of care; (2) at a higher rate to care for those with greater needs; payment rates are based on relevant data from patient assessments conducted by clinicians - who do not have to be physicians - as already required for all Medicare-participating home health agencies; (3) based on verbal orders on the initial billing; and (4) other suppliers separately for medically necessary durable medical equipment provided under the home-health plan of care.

Approximately _____% of the net patient service revenues of the Obligated Group for its fiscal year ended December 31, 2007 were derived from home health care services.

Ambulatory Surgical Centers. Medicare pays for ambulatory surgical center ("ASC") services on a PPS basis. Historically, these rates have been updated annually for inflation by the consumer price index ("CPI"), effective each fiscal year commencing October 1. The MMA, however, changed the update cycle to a calendar year, and eliminated updates for fiscal year 2005 and calendar years 2006-2009.

Provider-Based Standards. CMS issued in its Hospital Outpatient PPS rule, published April 7, 2000, specific standards related to whether an entity qualifies as "provider-based" rather than freestanding. These standards made it more difficult to qualify as "provider-based" and were aimed at stemming the proliferation of entities characterized as "provider-based." These standards were designed to lead to the reclassification of entities now characterized as "provider-based" to "freestanding." On August 1, 2002, however, CMS published final regulations for determining "provider-based" status, which eased these standards for certain entities. Management of the Obligated Group states that those standards have not resulted in a reclassification of the Corporation's "provider-based" operations.

<u>Medicaid</u>. Medicaid (Title XIX of the federal Social Security Act) is a health insurance program for certain low-income and needy individuals that is jointly funded by the federal government and the states. Under Medicaid, the federal government provides grants to states that have medical assistance programs that are consistent with federal standards. While federal law imposes certain basic requirements on the Medicaid plan developed by Kentucky, each state develops its own payment system. Payments for services rendered to Kentucky Medicaid beneficiaries are subject to an appropriation by the Kentucky General Assembly of sufficient funds to pay the incurred payment obligations for the Medicaid program. Delays in appropriations and state budget deficits, which may occur from time to time, create a risk that payment for services to Medicaid beneficiaries will be delayed or withheld. In an effort to address significant fiscal shortfalls, the Kentucky Medicaid program has been implementing a variety of cost containment initiatives and scaled-back, when appropriate, coverage of optional services. Significant amendments and changes have been and may continue to be made in the Medicaid program which could have a material adverse impact on the financial condition of the Obligated Group.

As with the Medicare program, the Kentucky Medicaid program limits the amount of reimbursement to participating providers of hospital services. The program pays for inpatient hospital services based on a prospectively determined per diem rate. The inpatient Medicaid rate contains capital, operating, and if applicable, cost outlier components. Rehabilitation services in an acute care hospital that has a Medicare designated rehabilitation unit is reimbursed on a per diem basis. The per diem rate is facility-specific and based on the facility's most recent cost report. Reimbursement for ASC services is calculated based upon the appropriate ASC group rate listed in the 1996 Medicare ambulatory surgical center group rate for the federal Cincinnati, Ohio – Kentucky region. The Kentucky Medicaid program also reimburses hospital outpatient services based upon the ASC methodology described above.

Currently the Corporation participates in a Medicaid Managed Care Program servicing approximately 130,000 people in a 16-county region. The Managed Care Program, known as Passport Health Plan or the Kentucky Region 3 Medicaid Partnership ("Passport"), operates pursuant to a waiver amendment approved by the U.S. Department for Health and Human Services. CMS most recently re-approved Passport's operation in Kentucky for the period running from September 1, 2007 through June 30, 2008.

Approximately _____% of the net patient service revenues of the Obligated Group were derived from the Kentucky Medicaid program**,** including Passport, for the fiscal year ended December 31, 2007.

Commercial Insurance and Other Third-Party Plans

Many commercial insurance plans, including group plans, reimburse their customers or make direct payments to the Obligated Group for charges at established rates. Generally, these plans pay semi-private room rates plus ancillary service charges, which are subject to various limitations and deductibles depending on the plan. Patients carrying such coverage are responsible to the hospital for any deficiency between the commercial insurance proceeds and total billed charges.

Managed Care and Integrated Delivery Systems. Many hospitals and health systems, including the Obligated Group, are pursuing strategies with physicians in order to offer an integrated package of health care services, including physician hospital services, to patients, health care insurers and managed care providers. These integration strategies take many forms, several of which are discussed below. Further, many of these integration strategies are capital intensive and may create certain business and legal liabilities for the Obligated Group.

The Obligated Group has and may in the future have contractual arrangements with preferred provider organizations ("PPOs"), health maintenance organizations ("HMOs") and other similar managed care organizations ("MCOs"), pursuant to which it agrees to provide or arrange to provide certain health care services for these organizations' eligible enrollees. There can be no assurance that revenues received under such contracts will be sufficient to cover all costs of services provided. Failure of the revenues received under such contracts to cover all costs of services provided may have a material adverse effect on the operations or financial condition of the Obligated Group.

Medicare law states that MCO and provider contracts may include a physician incentive plan only if (1) no specific payment is made directly or indirectly under the plan to a physician or physician group as an inducement to reduce or limit medically necessary services furnished to an individual enrollee; and (2) the stop-loss protection, enrollee survey and disclosure requirements of this section are met. If an MCO and provider enter into an agreement that does not meet these requirements, CMS may apply intermediate sanctions or the Office of Inspector General may apply civil money penalties.

MCOs in general reimburse participating providers on the basis of capitation for services rendered to enrollees. A capitated payment does not fluctuate with the frequency of patient visits. Rather, an MCO typically negotiates with the provider a flat fee per patient regardless of the extent of covered medical services required by that patient. Therefore, there is a risk that the provider may need to furnish the enrollee with additional services whose cost will not be covered by the capitated rate paid by the MCO. The Obligated Group currently has no capitated contracts.

State Laws. States, including the Commonwealth, are increasingly regulating the delivery of health care services. Much of this increased regulation has centered around the managed care industry. State legislatures have cited their right and obligation to regulate and oversee health care insurance and have enacted sweeping measures that aim to protect consumers and, in some cases, providers. In the last two years alone, a number of states have enacted laws mandating a minimum of forty-eight hour hospital stays for women after delivery; laws prohibiting "gag clauses" (contract provisions which prohibit providers from discussing various issues with their patients); laws defining "emergencies," which provide that a health care plan may not deny coverage for an emergency room visit if a lay person would perceive the situation as an emergency; and laws requiring direct access to obstetrician-gynecologists without the requirement of a referral from a primary care physician.

Due to this increased state oversight, the Obligated Group could be subject to a variety of state health care laws and regulations, affecting both MCOs and health care providers. In addition, the Obligated Group could be subject to state laws and regulations prohibiting, restricting, or otherwise governing PPOs, third-party administrators, physician-hospital organizations, independent practice associations or other intermediaries; fee-splitting; the "corporate practice of medicine"; selective contracting ("any willing provider" laws and "freedom of choice" laws); coinsurance and deductible amounts; insurance agency and brokerage; quality assurance, utilization review, and credentialing activities; provider and patient grievances; mandated benefits; rate increases; and many other areas.

Dependence Upon Third Party Payors. The Obligated Group's ability to develop and expand its services and, therefore, its profitability is dependent upon the Obligated Group's ability to enter into contracts with third-party payors at competitive rates. There can be no assurance that the Obligated Group will be able to attract and maintain third-party payors in the future, and where it does, no assurance that it will be able to contract with such payors on advantageous terms. The inability of the Obligated Group to contract with a sufficient number of such payors on advantageous terms would have a material adverse effect on the Obligated Group's operations and financial results. Further, while the Obligated Group expects to control health care service utilization and increase quality, the Obligated Group cannot predict changes in utilization patterns or on health care providers.

Physician Contracting and Relations. The Obligated Group Members have entered into a wide variety of relationships with physicians. Many of these relationships may be of material importance to the operations of the facilities and, in an increasingly complex legal and regulatory environment, these relationships pose a variety of legal or business risks. For example, as part of an announced work plan, HHS has begun to scrutinize, among other things, the terms of acquisitions of physician practices by companies that own hospitals. Increasingly, the focus of these relationships is a physician practice group or independent practice association that concentrates a large number of physicians in a limited number of contracting organizations. This concentration increases the importance of these contracts and increases the risk of the loss of one or more such contracts.

The primary relationship between a hospital and physicians who practice in it is established through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges, or who have such membership or privileges curtailed, denied or revoked, often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately review the competence of its medical staff may result in hospital liability to third parties. All hospitals, including those owned and operated by the Obligated Group Members, are subject to such risks.

As of the date hereof, management of the Obligated Group is not aware of any specific conditions or controversies that it believes would lead to the loss of an exclusive contractual relationship, or damages related thereto, which would be material with respect to the operation or financial condition of the Obligated Group.

Regulation of the Health Care Industry

General. The health care industry is highly dependent on a number of factors that may limit the ability of the Obligated Group to meet its obligations under the Loan Agreement, the Master Indenture and the Notes. Among other things, participants in the health care industry (such as the Obligated Group) are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs.

Discussed below are certain of these factors that could have a significant effect on the future operations and financial condition of the Obligated Group.

The Obligated Group Members will be subject to regulation and certification by various federal, state and local government agencies. No assurance can be given as to the effect on future operations of the Obligated Group of existing laws, regulations and standards for certification and accreditation or of any future changes in such laws, regulations and standards.

Balanced Budget Act of 1997. As described below, the BBA contains a number of provisions that affect the Obligated Group.

Mandatory Exclusion. Under the BBA, those providers or suppliers convicted of three health care-related crimes face permanent, mandatory exclusion from any federal health care program. Those providers or suppliers convicted of two exclusions will face a mandatory 10-year exclusion. The Secretary of HHS will be able to deny entry into Medicare or Medicaid or deny renewal to any provider or supplier convicted of any felony that the Secretary deems to be "inconsistent with the best interests" of the program's beneficiaries.

Post Hospital Referrals. The BBA expands the current requirements that hospitals have a discharge planning process, including information on the availability of home health services and providers in the area. Each plan must also identify any entity or provider to whom a patient is referred in which the hospital has a "disclosable financial interest." The effective date of the disclosure provisions is not known at this time. The Secretary of HHS is required to issue regulations implementing such provisions within one year of the date of enactment.

Certain Discharges to Post Acute Care. The BBA establishes that hospital discharges to related skilled nursing facilities occurring on or after October 1, 1998, which fall within a specified cluster of ten high volume/high post-acute use DRGs (increased to 29 DRGs by CMS in August 2007), are considered as a transfer for payment purposes.

Asset Loss Recognition. Another provision of the BBA eliminates the allowance for return on equity capital and eliminates the depreciation adjustment that allowed for recognition of gain or loss on dispositions of assets used in the provision of certain patient care services.

Provider-Sponsored Organization Tax Rules. Under the BBA, a tax-exempt organization shall not fail the organizational and operational prongs of the charitable purpose test "solely" because a hospital that it owns or operates participates in a Provider Sponsored Organization ("PSO"). However, the law also states that any person with a material financial interest in a PSO shall be treated as a private shareholder or individual with respect to the hospital. As a result of this provision, a tax-exempt hospital participating in a PSO may be placed in greater jeopardy of losing its tax-exempt status if individuals connected with the PSO derive inappropriate financial benefits from it.

The BBA created the most comprehensive change in Medicare reimbursement since the program began in 1966. Revenue from several Medicare programs was reduced drastically. The Obligated Group began experiencing these Medicare program revenue reductions in 1998 when the first reductions took effect.

Taxpayer Relief Act of 1997. The Taxpayer Relief Act of 1997 ("TRA") tightened the ownership rules for determining whether certain types of income received from subsidiaries are subject to the unrelated business income tax ("UBIT"). Under the TRA, such income will be subject to UBIT if the parent organization owns more than 50% of the subsidiary, based on voting power or value. In addition, a parent exempt organization will be deemed to control any subsidiary that it controls either directly or indirectly (e.g., as a second tier subsidiary). This provision may force some multimember healthcare systems to choose between maintaining control and incurring UBIT liability where business considerations dictate the use of intra-system loans, leases and licensing arrangements. Management of the Obligated Group has indicated that currently these provisions of the TRA do not materially adversely affect the operations of the Obligated Group.

Health Insurance Portability and Accountability Act. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") was enacted on August 21, 1996. HIPAA adds two prohibited practices, the commission of which may lead to civil monetary penalties: 1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, i.e., upcoding, and 2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of up to $10,000 for each item or service involved. Management of the Obligated Group believes that the prohibited practices provisions of HIPAA has not affected the Obligated Group in any material respect.

HIPAA also includes administrative simplification provisions intended to facilitate the processing of health care payments by encouraging the electronic exchange of information and the use of standardized formats for health care information. Congress recognized, however, that standardization of information formats and greater use of electronic technology presents additional privacy and security risks due to the increased likelihood that databases of personally identifiable health care information will be created and the ease with which vast amounts of such data can be transmitted. Therefore, HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information.

In December 2000, HHS released a final privacy regulation that protects patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers, and health care clearinghouses. Such regulations were modified in August 2002, and health care provider compliance with the privacy regulations, as modified, was required as of April 14, 2007, which the Obligated Group satisfied.

HIPAA also mandated compliance with security regulations by April, 2005, which the Obligated Group satisfied.

Finally, HHS promulgated regulations to standardize the electronic transfer of information pursuant to certain enumerated transactions (the "Code Set Transactions"), with which the Obligated Group has been in substantial compliance since 2003.

Federal "Fraud and Abuse" Laws and Regulations. The Federal Medicare/Medicaid Anti- Fraud and Abuse Amendments to the Social Security Act (the "Anti-Kickback Law") make it a criminal felony offense to knowingly and willfully offer, pay, solicit or receive remuneration in order to induce business for which reimbursement is provided under the Medicare or Medicaid programs. In addition to criminal penalties, including fines of up to $25,000 and five years' imprisonment, violations of the Anti-Kickback Law can lead to civil monetary penalties and exclusion from Medicare, Medicaid and certain other state and federal health care programs. The scope of prohibited payments in the Anti-Kickback Law is broad and includes economic arrangements involving hospitals, physicians and other health care providers, including joint ventures, space and equipment rentals, purchases of physician practices and management and personal services contracts. HHS has published regulations which describe certain "safe harbor" arrangements that will not be deemed to constitute violations of the Anti-Kickback Law. The safe harbors described in the regulations are narrow and do not cover a wide range of economic relationships that many hospitals, physicians and other health care providers consider to be legitimate business arrangements not prohibited by the statute. Because the regulations describe safe harbors and do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources, hospitals and other health care providers having these arrangements or relationships may be required to alter them in order to ensure compliance with the Anti-Kickback Law.

In addition to current civil monetary penalties ("CMP"), the BBA creates a CMP for violations of the federal anti-kickback statute for cases in which a person contracts with an excluded provider for the provision of health care items or services where the person knows or should know that the provider has been excluded from participation in a federal health care program. Violations will result in damages three times the remuneration involved as well as a penalty of $50,000 per violation.

Management of the Obligated Group has indicated that it has taken and is taking steps it believes are reasonable to ensure that its contracts with physicians and other referral sources are in material compliance with the Anti-Kickback Law. However, in light of the narrowness of the safe harbor regulations and the scarcity of case law interpreting the Anti-Kickback Law, there can be no assurances that a Member of the Obligated Group will not be found to have violated the Anti-Kickback Law, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Obligated Group.

<u>Federal Laws Limiting Certain Referrals</u>. With limited exceptions, current federal law (known as the "Stark Law" law provisions) prohibits a physician from referring Medicare patients to an entity for the furnishing of "designated health services" if the physician (or a member of the physician's immediate family) has a "financial relationship" with the entity. "Designated health services" include the following: clinical laboratory services; physical therapy services; occupational therapy services; radiology services, including magnetic resonance imaging, computerized axial tomography scans, and ultrasound services; radiation therapy services and supplies; durable medical equipment and services; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics, and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. A "financial relationship" for purposes of the Stark Law includes an ownership or investment interest in the entity or a compensation arrangement with the entity. The Stark Law also prohibits an entity from billing for designated health services furnished pursuant to a prohibited referral. The sanctions under the Stark law include denial and refund of payments, civil monetary penalties and exclusions from the Medicare and Medicaid programs.

On January 4, 2002, Phase I of a final regulation interpreting Stark Law became effective. Phase I covers the general prohibition on certain referrals, the general exemption to both the ownership and compensation arrangement prohibition, and related definitions.

On July 26, 2004, Phase II Interim Final Stark II regulations became effective. The Phase II regulations cover those parts of the Stark law that were not covered by Phase I, namely the ownership and investment exceptions to the general prohibition, the compensation arrangement exceptions to the general prohibition and the Stark law's reporting provisions. Phase II also includes additional regulatory exceptions, definitions and CMS's response to public comments on the Phase I regulations.

Management of the Obligated Group believes that the Obligated Group is currently in material compliance with the Stark provisions. However, in light of the scarcity of case law interpreting the Stark provisions, there can be no assurances that the Obligated Group will not be found to have violated the Stark provisions, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Obligated Group, the financial condition of the Obligated Group, or the Obligated Group Members status as organizations described in Section 501(c)(3) of the Code.

Compliance/OIG Investigations. Medicare requires that extensive financial information be reported on a periodic basis and in a specific format or content. These requirements are numerous, technical and complex and may not be fully understood or implemented by billing or reporting personnel. With respect to certain types of required information, the False Claims Act and the Social Security Act may be violated by mere recklessness in the submission of information to the government even without any intent to defraud. New billing systems, new medical procedures and procedures for which there is not clear guidance from CMS may all result in liability. The penalties for violation include criminal or civil liability and may include, for serious or repeated violations, exclusion from participation in the Medicare program.

HHS, through the Office of Inspector General ("OIG"), conducted a national investigation of hospital Medicare billings for certain outpatient services. The focus of the investigation, known as the "72-Hour Window Project," was to discover Medicare billings from hospitals for outpatient services that should have been included in a hospital's prospective payment for an inpatient admission. Medicare provides that a hospital shall not bill Medicare for any outpatient diagnostic service provided within three days (the "72-Hour Rule") of the admission or any nondiagnostic service not related to the admission provided within one to two days of the admission; rather, the costs of such services should be included in the DRG payment. The OIG's position is that a bill to the Medicare program issued in violation of the 72-Hour Rule constitutes a civil violation of the Federal False Claims Act. As a result of several factors, including two changes to the 72-Hour Rule in 1991 (first, making a distinction between diagnostic and nondiagnostic services; then, making a distinction between nondiagnostic services related and not related to the admission), the varying time periods under the 72-Hour Rule, and the requirements that hospitals determine whether outpatient services are diagnostic or nondiagnostic and related or not related to the inpatient admission, hospitals frequently have made mistakes with respect to the 72-Hour Rule.

Hospitals are required to "bundle" all non-physician services rendered to hospital inpatients and outpatients. That is, if a Medicare outpatient is referred to another provider or supplier for diagnostic services, such as magnetic resonance imaging, the hospital would be responsible for arranging with the other entity for the provision of the services and will be financially responsible for that service. DRG payments made to hospitals were established to cover all non-physician services rendered to hospital inpatients. Thus, regardless of whether the hospital furnishes the services directly or arranges for their provision, Medicare will pay only the hospital and not outside suppliers who rendered inpatient services at the hospital's request. This practice of covering non-physician services furnished to hospital inpatients by an outside supplier only as hospital services is referred to as "rebundling."

The False Claims Act provides that an individual may bring a civil action for a violation of the Act. These actions are referred to as *Qui Tam* actions. In this way, a hospital employee would be able to sue on behalf of the U.S. government if he or she believes that the hospital has committed fraud. If the government proceeds with an action brought by this individual, then he or she could receive as much as 25% of any money recovered. The potential that a *Qui Tam* action could be brought against any hospital exists.

Patient Transfers. In response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided, Congress has enacted the Emergency Medical Treatment and Active Labor Act ("EMTALA"). Among other things, EMTALA imposes certain requirements that must be met before transferring a patient to another facility. Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as imposition of civil and criminal penalties. Final revised regulations clarifying certain provisions of

EMTALA became effective in November, 2003. Failure of the Obligated Group to meet its responsibilities under the law could adversely affect its financial condition.

Accreditation. The Obligated Group and its operations are and will be subject to regulation and certification by various federal, state and local government agencies and by certain non-governmental agencies such as the Joint Commission on Accreditation of Healthcare Organizations. No assurance can be given as to the effect on future operations of the Obligated Group of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards.

Certificate of Need. With certain exceptions, Kentucky law requires a health care facility to obtain a Certificate of Need and license as a condition of adding new health care services, making substantial changes in existing services, or incurring major capital expenditures. The criteria for determining whether to issue a Certificate of Need include the project's consistency with the State Health Plan (which is prepared triennially and updated annually) and any state budget authorizations and limitations directly affecting the proposal; need and accessibility in the defined service area; interrelationships and linkages with existing providers; costs, economic feasibility and resource availability; and the quality of services. The State Health Plan was most recently updated on _____________, _____. The _____ Update to the _____-_____State Health Plan includes review criteria for the following health care facilities and services: acute care; diagnostic and therapeutic procedures and equipment; comprehensive physical rehabilitation hospital beds; mental health care; hospice; adult day health care; long-term care beds; intermediate care facilities for the mentally retarded and developmentally disabled; new technology; private duty nursing; prescribed pediatric extended care; rehabilitation agencies; ambulance services; home health; nursing facility beds; personal care beds; and primary care centers with outpatient diagnostic and surgical services. The 2008 State Health Plan is not yet available, yet should be published shortly. It is impossible to know whether the 2008 State Health Plan will be substantially similar to or differ widely from the current Plan.

After receiving a Certificate of Need, the holder may be subject to biennial review to determine that it is in compliance with the terms as listed on its Certificate of Need. One cannot predict whether the Obligated Group or the Corporation will receive approval for any regulated plans and programs that the Obligated Group or the Corporation may deem desirable or necessary in order to compete in their respective markets. Furthermore, the business objectives of the Obligated Group or the Corporation may be impaired depending on the extent to which it heavily relies on providing new services that are subject to the updated review criteria.

On January 30, 2003, Governor Ernie Fletcher issued an Executive Order which placed a moratorium until June 30, 2005 on the review and approval of any certificate of need applications which propose to: (1) establish a health facility; (2) obligate a capital expenditure which exceeds the capital expenditure minimum; (3) make a substantial change in the bed capacity of a health facility; (4) make a substantial change in a health service; (5) make a substantial change in a project; or (6) acquire major medical equipment. The current moratorium specifically does not apply to: (1) pilot project applications for the establishment of two primary angioplasty programs at hospitals without on-site open-heart surgery; (2) applications to establish hospital-based MRI services; (3) applications to establish MRI services at hospital-owned health facilities which are licensed as ambulatory care clinics or specialized medical technology clinics and which are also Medicare-recognized hospital provider based entities; (4) applications for the relocation or replacement of existing health facilities within the same county, which do not involve a substantial change in bed capacity or a substantial change in a health service; (5) applications to replace or repair worn equipment that has been used by a health facility for five years; and (6) applications for certificates of need necessary to alleviate emergencies.

Environmental Laws and Regulations. Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations that address, among other things, hospital operations, facilities and properties owned or operated by hospitals. Among the type of regulatory requirements faced by hospitals are (a) air and water quality control requirements, (b) waste management requirements, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes, and (f) other requirements.

In its role as the owner and operator of properties or facilities, the Obligated Group may be subject to liability for investigating and remedying any hazardous substances that may have migrated off of its property. Typical hospital operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligated Group.

Management of the Obligated Group is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to the Obligated Group, would have a material adverse effect on the Obligated Group's operations or financial condition.

Corporate Compliance Program

The Corporation has developed and implemented a compliance program (which includes a compliance plan to assist all employees in preventing and detecting fraud and abuse) for itself and the Obligated Group Members (it does not cover managed institutions) (the "Compliance Plan"). The Compliance Plan has been designed to (i) comply with the standards set forth in the Federal Sentencing Guidelines for Organizational Defendants, (ii) help assure that the Obligated Group acts in accordance with its mission, values and known legal duties, and (iii) assist all Obligated Group Member employees in understanding and adhering to the legal and ethical standards that govern health care providers.

Antitrust

Enforcement of the antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, third party contracting, physician relations, and joint venture, merger, affiliation and acquisition activities. In some respects, the application of federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violators of the antitrust laws could be subject to criminal and civil enforcement by federal and state agencies, as well as by private litigants.

The ability to consummate mergers, acquisitions or affiliations may also be impaired by the antitrust laws, potentially limiting the ability of health care providers to fulfill their strategic plans. Liability in any of these or other antitrust areas of liability may be substantial, depending on the facts and circumstances of each case.

Issues Related to the Health Care Markets of the Obligated Group

Affiliation, Merger, Acquisition and Divestiture. Significant numbers of affiliations, mergers, acquisitions and divestitures have occurred in the health care industry in recent years. As part of its ongoing planning process, the Corporation considers potential affiliations and acquisitions of operations or properties that may become affiliated with or become part of the Obligated Group in the future. As a result, it is possible that the organizations and assets, which comprise the Obligated Group may change from time to time. See *APPENDIX C* –"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Particular Covenants of the Obligated Group - Consolidation, Merger, Sale or Conveyance."

Possible Increased Competition. The Obligated Group could face increased competition in the future from other hospitals, from skilled nursing facilities and from other forms of health care delivery that offer health care services to the populations which the Obligated Group currently serves. This competition could include the construction of new or the renovation of existing hospitals and skilled nursing facilities, health maintenance organization facilities, ambulatory surgery centers, free standing emergency facilities, private laboratory and radiological services, skilled and specialized nursing facilities, home care, intermediate nursing home care, preventive care and drug and alcohol abuse programs.

In addition, competition could result from forms of health care delivery that are able to offer lower priced services to the population served by the Obligated Group. These services could be substituted for some of the revenue generating services currently offered by the Obligated Group. The services that could serve as substitutes for hospital services include skilled and specialized nursing facilities, diagnostics, home care, intermediate nursing home care, preventive care, and drug and alcohol abuse programs.

Availability of Insurance Products. In recent years the health care industry has seen significant reductions in the availability of general commercial liability and other insurance products. There can be no assurance that the Corporation will be able in the future to fund any self-insurance or obtain commercial insurance on reasonably acceptable terms and conditions. Increases in the cost of such insurance products could have a material adverse effect on the Obligated Group and its results of operations.

Risks Related to Tax-Exempt Status

Tax Exemption for Nonprofit Hospitals. Loss of tax-exempt status by a Member of the Obligated Group or by any user of property financed with the proceeds of the Series 2008 Bonds could result in loss of tax exemption of the Series 2008 Bonds and of other tax-exempt debt issued for the benefit of the Obligated Group, and defaults in covenants regarding the Series 2008 Bonds and such other related tax-exempt debt would likely be triggered. Such an event would have material adverse consequences on the financial condition of the Obligated Group.

The maintenance by an entity of its tax-exempt status depends, in part, upon its maintenance of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for charitable and educational purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals. The Internal Revenue Service ("IRS") has announced that it intends to closely scrutinize transactions between nonprofit hospitals and for-profit entities, and in particular has issued revised audit guidelines for tax-exempt hospitals. Although specific activities of hospitals, such as medical office building leases and compensation arrangements and other contracts with physicians, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities have not been addressed in any official opinion, interpretation or policy of the IRS. Because the Obligated Group conducts large-scale and diverse operations involving private parties, there can be no assurance that certain of its transactions would not be challenged by the IRS, which could adversely affect the tax-exempt status of the Obligated Group Members. Management of the Obligated Group believes that it is in compliance with the requirements necessary to maintain its tax exempt status.

Anti-Kickback Statute. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status. See the information herein under the caption "BONDHOLDERS' RISKS - Regulation of the Health Care Industry - Federal 'Fraud and Abuse' Laws and Regulations." As a result, tax-exempt hospitals, such as those owned by the Obligated Group Members, which have, and will continue to have, extensive transactions with physicians are subject to an increased degree of scrutiny and perhaps enforcement by the IRS.

Intermediate Sanctions. The Taxpayer Bill of Rights 2, enacted on July 30, 1996 (the "Bill"), added Section 4958, commonly referred to as the "intermediate sanctions law," to the Code. Section 4958 of the Code provides the IRS with an "intermediate" tax enforcement tool that may be used as an alternative to revoking the federal tax exemption of an organization that violates the private inurement prohibition. On January 23, 2002, the IRS published final regulations providing additional guidance on the intermediate sanctions law.

The intermediate sanctions law imposes excise taxes on "excess benefit transactions" between an organization described in Section 501 (c)(3) (other than a private foundation) and its "disqualified persons" (i.e., persons in a position to exercise substantial influence over the affairs of the organization). An "excess benefit transaction" is any transaction involving a disqualified person where a Section 501(c)(3) organization (i) pays more than fair market value or reasonable compensation for a good or service it leases or purchases or (ii) receives less than fair market value or reasonable compensation for a good or services it leases or sells.

The intermediate sanctions law imposes a two-tiered excise tax on disqualified persons and a one-tier excise tax on certain organizational managers. A disqualified person who benefits from an excess benefit transaction will be subject to a first-tier excise tax equal to 25% of the amount of the "excess benefit" (i.e., the excess of the value received by the disqualified person over the value of the goods or services provided). Organizational managers may be subject to a first-tier excise tax equal to 10% of the amount of the excess benefit (up to a maximum of $10,000 with respect to any one transaction) if they participate in an excess benefit transaction knowingly, willfully, and without reasonable cause. A disqualified person will be subject to a second-tier excise tax equal to 200% of the amount of the excess benefit if the excess benefit transaction is not corrected before the earlier of (i) 90 days after the IRS mails a notice of deficiency with respect to the transaction or (ii) the first-tier excise tax is assessed on the disqualified person.

Internal Revenue Service Examination Program. In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by a Member of the Obligated Group or improper use of property financed with proceeds of the Series 2008 Bonds could potentially result in loss of the tax exemption of the interest on the Series 2008 Bonds, and defaults in covenants regarding the Series 2008 Bonds could be triggered. Loss of such tax-exempt status could also result in substantial tax liabilities on income of the Obligated Group. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine the Underwriters, a Bondholder, the Obligated Group or the Series 2008 Bonds. If the Series 2008 Bonds are examined, it may have an adverse impact on their price and marketability. Based upon covenants, representations and warranties of the Obligated Group as to the use of the proceeds of the Series 2008 Bonds and as to certain factual matters, Bond Counsel will deliver its opinion in the form attached as *APPENDIX E.* See "TAX EXEMPTION" and "LEGAL MATTERS" herein.

Tax-Exempt Status of the Series 2008 Bonds. The tax-exempt status of the Series 2008 Bonds is based on the continued compliance by the Issuer, the Obligated Group and users of property financed or refinanced with proceeds of the Series 2008 Bonds with certain covenants relating generally to the use of the facilities financed or refinanced with the proceeds of such Series 2008 Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Series 2008 Bonds could cause interest on the Series 2008 Bonds to become subject to federal income taxation retroactive to the original date of issue of the Series 2008 Bonds. In such event, the Series 2008 Bonds are not subject to redemption solely as a consequence thereof, and the principal thereof may be accelerated by the Bond Trustee only with the consent of the Bond Insurer. No additional interest or penalty is payable in the event of the taxability of interest on the Series 2008 Bonds.

Labor Relations

Not-for-profit health care providers and their employees are under the jurisdiction of the National Labor Relations Board. At the present time, none of the Obligated Group's employees is a member of unions or receives union wages and benefits. Unionization of employees or a shortage of qualified professional personnel could cause an increase in payroll costs beyond those projected. The Obligated Group Members cannot control the prevailing wage rates in their respective service areas and any increase in such rates will directly affect the costs of their operations.

Incurrence of Additional Indebtedness

Under certain specific conditions, the Master Indenture permits Additional Indebtedness to be incurred by Obligated Group Members, secured on a parity with the Series 2008 Note. See "SECURITY FOR THE SERIES 2008 BONDS" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" in *APPENDIX C* attached hereto.

Certain Matters Relating to Security for the Series 2008 Bonds

See "SECURITY FOR THE SERIES 2008 BONDS" for a discussion of certain factors including certain covenants in the Master Indenture. The effectiveness of the security interest in the Pledged Collateral of the Obligated Group granted pursuant to the Security Agreement may be limited by a number of factors, including: (i) federal statutory provisions forbidding the assignment of Medicare or Medicaid receivables; (ii) the absence of express provisions in the reimbursement contracts with Anthem Blue Cross and Blue Shield permitting the assignment of receivables due a Member of the Obligated Group; (iii) certain judicial decisions that cast doubt upon the right of the Bond Trustee or the Master

Trustee, in the event of the bankruptcy of an Obligated Group Member, to collect and retain accounts receivable from Medicare, Medicaid and other governmental programs; (iv) commingling of the Pledged Collateral with other moneys of the Obligated Group not so pledged; (v) statutory liens; (vi) rights arising in favor of the United States of America or any agency thereof; (vii) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (viii) federal bankruptcy laws; (ix) rights of third parties in cash not in the possession of the Bond Trustee or the Master Trustee; and (x) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Kentucky Uniform Commercial Code as from time to time in effect or that might arise during a temporary period during which perfection of claims is achieved without filing. See "SECURITY FOR THE NOTES - Obligated Group Members Pledge of Pledged Collateral" herein.

Amendments. Certain amendments to the Bond Indenture and the Loan Agreement may be made with the consent of the holders of not less than a majority of the aggregate principal amount of the Bonds Outstanding under the Bond Indenture. Certain amendments to the Master Indenture may be made with the consent of the holders of not less than a majority of the principal amount of Notes outstanding under the Master Indenture. Such amendments may adversely affect the security of the holders of the affected Series 2008 Bonds. A majority of holders of the Notes could be comprised wholly or partially of the owners of Notes other than the Series 2008 Note.

Enforceability of Certain Covenants in the Master Indenture

Uncertainties exist as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture, which bear on the availability of the assets of all Obligated Group Members for payment of debt service on indebtedness, including the Series 2008 Note pledged under the Bond Indenture as security for the Series 2008 Bonds. The practical realization of any rights upon any default under the Loan Agreement, the Bond Indenture or under the Master Indenture will depend upon the exercise of various remedies specified in such instruments, as restricted by federal and state laws. The federal bankruptcy laws may have an adverse effect on the ability of the Bond Trustee and the owners of the Series 2008 Bonds to enforce their claims granted by the Bond Indenture, the Loan Agreement or the Master Indenture. The obligation of the Obligated Group on the Series 2008 Note will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditors' rights and by the availability of equitable remedies.

The remedies available to either the Bond Trustee, the Master Trustee, the Issuer or the owners of the Series 2008 Bonds upon an event of default under the Master Indenture, the Bond Indenture, the Loan Agreement or the Series 2008 Note are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, Title 11 of the United States Code (the "Bankruptcy Code"), the remedies provided in the Master Indenture, the Bond Indenture, the Loan Agreement and the Series 2008 Note may not be readily available or may be limited.

An Obligated Group Member may not be required to make payments on or provide amounts for the payment of the Series 2008 Note issued by or for the benefit of another entity to the extent that any such payment or transfer would render such paying entity insolvent or would conflict with, not be permitted by or would be subject to recovery for the benefit of other creditors of such entity under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments on the Series 2008 Note by an Obligated Group Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of such member or by third party creditors in an action brought pursuant to Kentucky fraudulent conveyances statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Kentucky fraudulent conveyance statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases thereof (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Kentucky fraudulent conveyances statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force an Obligated Group Member to make a payment on the Series 2008 Note, a court might not enforce such payment in the event it is determined that sufficient consideration for the Member's obligation was not received or that the incurrence of such obligation has rendered or will render the Member insolvent or the Member is or will thereby become undercapitalized.

In addition, there exists common law authority and authority under Kentucky statutes for the ability of the courts to terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action, which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of Kentucky's Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Construction Risks

The Corporation is using a portion of the Series 2008 Bond proceeds for construction projects. Numerous risks are involved in any such projects, including delays and increased costs due to strikes, shortages of materials, adverse weather conditions, changes in project design, inflation and numerous other factors. Therefore, there can be no assurances that the costs of completing the projects currently pursued or planned by the Corporation will not increase due to these and other factors.

Other Risk Factors Affecting the Obligated Group

In the future, the following factors, among others, may adversely affect the operations of the Obligated Group, to an extent that cannot be determined at this time:

(1) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs, and shortage of skilled professionals, such as nurses and technicians.

(2) Reduced need for hospitalization, skilled or intermediate nursing care, elderly housing or other services arising from increased utilization management by third party payors or from future medical and scientific advances.

(3) Reduced demand for the services provided by the Obligated Group that might result from decreases in population in its service area.

(4) Increased unemployment or other adverse economic conditions in the service areas of the Obligated Group, which would increase the proportion of patients who are unable to pay fully for the cost of their care.

(5) Any increase in the quantity of indigent care provided, which is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Obligated Group.

(6) Regulatory actions that might limit the ability of the Obligated Group to undertake capital improvements to its facilities or to develop new institutional health services.

(7) Decrease in availability or receipt of grants, or in receipt of contributions or bequests.

(8) Inflation or other adverse economic conditions.

(9) Inability of the Obligated Group to meet or continue to comply with legal, regulatory, professional and private licensing and accreditation requirements, all or some of which may be subject to renewal based on inspection or other criteria.

(10) Imposition of wage and price controls for the health care industry, such as those which were imposed and adversely affected health care facilities in the early 1970s.

(11) The attempted imposition of or the increase in taxes related to the property and operations of not- for-profit organizations.

(12) The occurrence of natural disasters, including floods and earthquakes, which may damage the facilities of the Obligated Group, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from the facilities.

(13) Cost and availability of any insurance, such as malpractice, property, fire, automobile and general comprehensive liability, that organizations such as the Obligated Group Members generally carry, or limitations on coverage.

Nursing Shortage

Recently the healthcare industry, including the Obligated Group, has experienced a shortage of nursing and other technical staff, which has resulted in increased costs and lost revenues due to the need to hire agency nursing personnel at higher rates, to increased compensation levels, and to the inability to use otherwise available beds as a result of staffing shortages. Management of the Obligated Group has indicated that the Obligated Group currently incurs minimal agency nursing costs at its facilities. While minimal agency costs are currently incurred, if the shortage continues, it could adversely affect the Obligated Group's operations or financial condition.

Bond Ratings

There is no assurance that the ratings assigned to the Series 2008 Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Series 2008 Bonds. See "RATINGS" herein.

Market for Series 2008 Bonds

Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Series 2008 Bonds. There is presently no secondary market for the Series 2008 Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Series 2008 Bonds purchased should they need or wish to do so for emergency or other purposes.

RELATIONSHIPS AMONG PARTIES

UBS Financial Services Inc. serves as the Representative of the Underwriters in connection with the issuance and sale of the Series 2008 Bonds. Mark R. Switow is a Senior Vice President - Investments of UBS Financial Services Inc. and serves on the Board of Trustees of the Corporation and the Chair of the Corporation's Finance Committee. A. J. Warner is Senior Vice President - Investments of UBS Financial Services Inc. and serves on the Board of Directors of MedGroup Management, LLC.

The Bank of New York Trust Company, N.A. is serving as Bond Trustee under the Master Indenture and Dissemination Agent under the Continuing Disclosure Agreement of the Corporation.

ABSENCE OF MATERIAL LITIGATION

Issuer

There is not now pending or, to the knowledge of the Issuer, threatened against the Issuer any litigation restraining or enjoining the issuance or delivery of the Series 2008 Bonds, or questioning or affecting the validity of the Series 2008 Bonds or the proceedings or authority under which they are to be or were issued. Neither the creation, organization or existence of the Issuer nor the title of any of the present members or other officials of the Issuer to their respective offices is being contested. There is no litigation pending or, to the knowledge of the Issuer, threatened against the Issuer which in any manner questions the right of the Issuer to enter into the Bond Indenture or the Loan Agreement or to secure the Series 2008 Bonds in the manner provided in the Bond Indenture and the relevant statutes under which the Series 2008 Bonds are issued.

Obligated Group

Except as described in *APPENDIX A,* the Obligated Group has not been served and, to the knowledge of the Obligated Group, the Obligated Group has not been threatened with any litigation against the Obligated Group except for litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of management of the Obligated Group responsible therefor, will be entirely within the Obligated Group's applicable insurance policy limits (subject to applicable deductibles) or reserves established by the Obligated Group therefor, or which otherwise would not materially adversely affect the business or properties of the Obligated Group.

UNDERWRITING

UBS Securities LLC (the "Representative") acting on behalf of a group of underwriters (the "Underwriters") has agreed to purchase the Series 2008 Bonds. Pursuant to a bond purchase agreement entered into by and among the Issuer, the Representative and the Corporation, the Underwriters have agreed to purchase the Series 2008 Bonds at an aggregate purchase price of $____________ reflecting $378,000 of underwriting discount. The bond purchase agreement provides that the Underwriters will purchase all the Series 2008 Bonds, if any are purchased, and requires the Corporation to indemnify the Underwriters and the Issuer against losses, claims and liabilities arising out of any untrue statement of a material fact contained in this Official Statement or the omission herefrom of any material fact in connection with the transactions contemplated by this Official Statement. The initial public offering price for the Series 2008 Bonds may be changed, from time to time, by the Underwriters.

The Underwriters may offer and sell the Series 2008 Bonds to certain dealers (including dealers depositing the Series 2008 Bonds into unit investment trusts) and others at prices lower than the offering price set forth on the cover page.

TAX EXEMPTION

The Code contains a number of requirements and restrictions that apply to the Series 2008 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the timely and proper use of bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The Issuer and the Corporation have covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2008 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause interest on the Series 2008 Bonds to become includible in gross income retroactively to their date of issuance.

Subject to the condition that the Issuer and the Corporation comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2008 Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes, and, therefore, is exempt from present federal income taxation, except to the extent that such interest will be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations. Interest on the Series 2008 Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations.

In rendering its opinion, Bond Counsel will rely upon a certificate of the Corporation with respect to certain material facts solely within the Obligated Group's knowledge relating to, among other things, the property financed or refinanced with the proceeds of the Series 2008 Bonds and the application of the proceeds of the Series 2008 Bonds.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon a corporation's alternative minimum taxable income ("AMTI"), which is a corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S corporations, Regulated Investment Companies, Real Estate Investment Trusts, FASITs and REMICs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax-exempt interest, including interest on the Series 2008 Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Series 2008 Bonds.

Ownership of the Series 2008 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2008 Bonds. Prospective purchasers of the Series 2008 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2008 Bonds are subject to the approval of Frost Brown Todd LLC, Louisville, Kentucky, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by the Jefferson County Attorney, Louisville, Kentucky. Certain legal matters will be passed upon for the Corporation and the Obligated Group by their counsel, Frost Brown Todd LLC, Louisville, Kentucky and Kathleen Haddix, General Counsel of the Corporation, and for the Underwriters by their counsel, Stites & Harbison, PLLC, Louisville, Kentucky.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetic accuracy of the mathematical computations supporting the conclusions of The Bank of New York Trust Company, N.A., in its capacity as escrow trustee (the "Escrow Trustee") under (i) the Escrow Agreement (the "Series 2002 Bond Escrow Agreement"), dated June 1, 2008, by and among the Issuer, the Corporation and the Escrow Trustee (the "Series 2002 Bond Escrow Trustee") and (ii) the Escrow Agreement (the "Series 2004 Bond Escrow Agreement", which together with the Series 2002 Bond Escrow Agreement, the "Escrow Agreements"), dated July 1, 2008, by and among the Issuer, the Corporation and the Escrow Trustee (the "Series 2004 Bond Escrow Trustee"), that principal amounts and the interest thereon of the Government Obligations, and other funds to be deposited in trust with each of the Series 2002 Bond Escrow Trustee and the Series 2004 Bond Escrow Trustee are adequate to provide for the payment, when due, of the Series 2002 Bonds and the Series 2004 Bonds**,** respectively, and the arithmetical accuracy of the mathematical computations supporting the conclusion of Bond Counsel that such use of a portion of the proceeds of the Series 2008 Bonds will not cause the Series 2008 Bonds to be "Arbitrage Bonds" under Sections 103(b)(2) and 148 of the Code will be verified by __________________________ as a condition to delivery of the Series 2008 Bonds. Such verification has been based, in part, upon information supplied to __________________________ by the Underwriters.

CONTINUING DISCLOSURE REQUIREMENTS

The Issuer has determined that no financial or operating data concerning it is material to any decision to purchase, hold or sell the Series 2008 Bonds, and the Issuer will not provide any such information. The Corporation has undertaken all responsibilities for any continuing disclosure to holders of the Series 2008 Bonds, and the Issuer shall have no responsibility or liability to the holders or any other person with respect to such disclosures. *APPENDIX E* to this Official Statement includes a form of the Continuing Disclosure Agreement of the Corporation.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service, Inc. have assigned their ratings of "_____" and "_____", respectively. Any explanation of the significance of such ratings may be obtained only from the rating agencies furnishing the same. The Corporation furnished to such rating agencies certain information and materials respecting the Series 2008 Bonds and themselves. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will remain for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or either of them, if in its or their judgment circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the marketability of and the market price for the Series 2008 Bonds.

FINANCIAL STATEMENTS

Included in *APPENDIX B* are the audited combined financial statements of the Corporation at, and for the fiscal years ended, December 31, 2006 and 2007, together with the report thereon of Ernst & Young LLP, certified public accountants.

In addition, a summary of revenue and expenses of the Obligated Group for the three-month periods ended March 31, 2007 and March 31, 2008, which are derived from the unaudited combined financial statements of the Corporation, are included in *APPENDIX A* hereto. The financial statements included in *APPENDIX A* and *APPENDIX B* hereto are not necessarily indicative of the financial results to be achieved for future periods.

MISCELLANEOUS

Any statements in this Official Statement, including the Appendices hereto, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached *APPENDICES A, B,* C, *D and E* are integral parts of this Official Statement and must be read together with all of the foregoing statement.

The summaries or descriptions of provisions of the Series 2008 Bonds, the Bond Indenture, the Loan Agreement, the Escrow Agreements and the Master Indenture and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provisions thereof. It is anticipated that CUSIP identification numbers will be printed on the Series 2008 Bonds, but neither the failure to print such numbers on any Series 2008 Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2008 Bonds.

The Issuer has furnished the information contained herein which relates to it. Except for the information concerning the Issuer under the captions "THE ISSUER," and "ABSENCE OF MATERIAL LITIGATION- Issuer," none of the information in this Official Statement has been supplied or verified by the Issuer, and no representation or warranty is made by or on behalf of the Issuer, express or implied, as to the accuracy or completeness of such information. The Corporation has reviewed the information contained herein that relates to it and has approved all such information for use within this Official Statement.

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The execution and delivery of this Official Statement has been duly authorized by the Issuer.

LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT

By: /s/ Jerry E. Abramson
Mayor

ATTEST:
/s/ Kathleen J. Herron
Metro Council Clerk

Approved:

JEWISH HOSPITAL & ST. MARY'S
HEALTHCARE, INC.

By: ______________________________
____

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APPENDIX A

Information Concerning Jewish Hospital & St. Mary's HealthCare, Inc. and the Obligated Group

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HISTORY

Jewish Hospital, Inc. (the "Hospital") was incorporated in 1903 as a nonprofit corporation operating under the name of The Jewish Hospital Association of Louisville, Kentucky, Inc. The purpose of the Hospital was to establish and operate a hospital to meet the health care needs of the Louisville, Kentucky community. The original hospital facility, constructed in 1905, expanded twice, once soon after opening, and again in 1929. In 1937, a flood severely damaged the facility following which, in 1944, planning began for a new hospital facility. In 1955, the Hospital opened its new facility on a 2.5 acre site at Chestnut and Brook Streets in Louisville. The University of Louisville leased this site to the Hospital for a 99-year term ending in the year 2050. The major facilities of the Hospital are still located on this site and are part of what has become known as the Louisville Medical Center.

In 1983, the Hospital responded to the need for greater efficiency and flexibility in management by adopting a plan to reorganize its activities on a "holding company" model. Jewish Hospital HealthCare Services, Inc. (the "Corporation") became the holding company of Jewish Hospital, Inc., four other nonprofit corporations JH Properties, Inc. ("JH Properties"), Jewish Hospital Foundation, Inc., Outpatient Care Center, Inc. and Four Courts, Inc., and one for-profit corporation, MedGroup Management, Inc. ("MedGroup"). MedGroup owned 100% of JHAir Ambulance, Inc. ("JH Air Ambulance"). Prior to the merger of the Hospital into the Corporation in 1994, the Hospital and Norton Healthcare, Inc. (then Alliant Health System, Inc.) ("Norton"), each had a 50% ownership interest in one Kentucky nonprofit corporation, Advanced Clinical Technologies, Inc. ("ACT"). The Corporation, JH Properties and Jewish Hospital HealthCare Network Regional Service Center, LLC currently comprise the Obligated Group.

In January 1992, JH Properties acquired the assets of United Medical Corporation Shelbyville, Shelbyville, Kentucky, which it operated as Jewish Hospital Shelbyville ("Jewish Hospital Shelbyville"), a 76-bed hospital. On October 1, 1994, JH Properties transferred the assets of Jewish Hospital Shelbyville to the Corporation.

On October 5, 1989, JH Air Ambulance transferred the assets of its wholly-owned subsidiary SKYCARE®, Inc. to MedGroup. In 1993, JH Properties acquired the assets of SKYCARE® from MedGroup.

On August 26, 1994, the Amelia Brown Frazier Rehabilitation Center, Inc. ("Frazier Rehab Institute"), a Kentucky nonprofit corporation, merged into the Hospital. The facility was known as "Frazier Rehab Center" until 2000, when it changed its name to "Frazier Rehab Institute." It consists of a 135-bed inpatient rehab hospital, 17 outpatient rehab facilities in Kentucky and 4 outpatient rehab facilities in Indiana. In addition, Frazier Rehab Institute manages Southern Indiana Rehab Hospital, a 60-bed freestanding rehab hospital that is in New Albany, Indiana, that is an equal 1/3-partnership arrangement among the Corporation, Clark Memorial Hospital (Jeffersonville, Indiana) and Floyd Memorial Hospital (New Albany, Indiana).

On October 1, 1994, the Corporation reorganized in response to its need to be more flexible in responding to the continually changing health care environment. To that end, the Corporation acquired from JH Properties, the assets of SKYCARE® and Jewish Hospital Shelbyville. In addition, the following affiliates merged into the Corporation: Outpatient Care Center, Inc.

("OCC"), Jewish Hospital, Inc. (including Frazier Rehab Institute), and Four Courts, Inc. ("Four Courts"). As a result of the reorganization, the Corporation succeeded to the 50% ownership in ACT, the joint venture previously existing between the Hospital and Norton, as the other 50% owner.

Effective August 31, 1996, Visiting Nurse Association of Louisville, Inc. ("VNA"), a Kentucky nonprofit corporation, merged into the Corporation. VNA is a fully accredited and licensed home health agency operating in 14 counties in Kentucky and Indiana with staff making approximately 179,800 home visits annually to patients. The Corporation continues to operate this division under the name VNA.

On June 5, 1997, in order to consolidate the air ambulance services in Jefferson County, Kentucky, the Corporation transferred the assets of SKYCARE® to Louisville Medical Center Patient Transportation Services, Inc., a Kentucky nonprofit corporation to which the Corporation, University Medical Center, Inc., and Norton are members. Louisville Medical Center Patient Transportation Services, Inc. operates under the name Louisville Medical Center STATCARE ("STATCARE®").

On December 29, 1998, MedGroup, the Non-Obligated Group Affiliate, merged into MG Temp, LLC, a Kentucky limited liability company, which subsequently changed its name to MedGroup Management, LLC. The Corporation is the sole member of MedGroup.

On January 15, 1999, the Corporation formed JHHS, LLC, a Kentucky limited liability company, which has since changed its name to Jewish Hospital HealthCare Network Regional Service Center, LLC ("Regional Service Center"). Regional Service Center is a joint venture among the Corporation, Southern Indiana Rehab Hospital and the three (3) facilities managed by JHP Management, Inc. Regional Service Center distributes medical supplies, products and other services to the partner facilities at a substantially lower cost than the facilities could individually acquire these supplies, products and other services. The Corporation owns 82.00% of the joint venture.

On August 10, 1999, Jewish Hospital Foundation, Inc. (the "Foundation") merged into the Corporation as the fundraising division for the Corporation and its Affiliates (as hereinafter defined). The Foundation is responsible for approving grants for medical research and educational activities.

On March 1, 2000, ACT was voluntarily dissolved with a portion of the facility's assets being distributed to the Corporation. The Corporation, under the assumed name of Magnetic Resonance Imaging Center, operates the two (2) MRIs formerly operated by ACT. Also on February 29, 2000, the Corporation voluntarily terminated its 50-50 partnership agreement with Norton Hospitals, Inc. in Medical Center Home Infusion, LLP, a business that distributes pharmaceuticals in conjunction with home health care services. The Corporation now operates the home infusion business under the name VNA Home Infusion as a part of the Corporation's VNA division.

On January 2, 2003, the Corporation opened Jewish Hospital Medical Center East, an outpatient surgery and diagnostic facility located in eastern Jefferson County, Kentucky, that provides the community with outpatient surgery, endoscopy, diagnostic medical imaging, cardiopulmonary services, emergency services, rehab services and occupational medicine.

On October 31, 2005, the Corporation filed amended and restated articles of incorporation to change its name to Jewish Hospital & St. Mary's HealthCare, Inc. ("JHSMH"). Subsequently, CARITAS Health Services, Inc. ("CHS"), a wholly-owned subsidiary of CHI Kentucky, Inc. ("CHI KY") merged into JHSMH effective November 1, 2005. Prior to the merger, CHS was comprised of an acute care hospital, a psychiatric hospital, an ambulatory surgical center and a home health agency. Also prior to merger, CHS was licensed for 747 beds and provided home health services to 12 counties in Kentucky. As a result of the merger, JHSMH became the owner of the following healthcare facilities and services: CARITAS Medical Center, CARITAS Surgery Center, CARITAS Peace Center, and CARITAS Home Health. CARITAS Home Health merged its operations with JHSMH-owned Visiting Nurse Association, also known as VNA Home Care. The name VNA Nazareth Home Care was adopted by the merged entity. In December 2005, CARITAS Medical Center changed its name to Sts. Mary & Elizabeth Hospital; CARITAS Surgery Center changed its name to St. Mary's Surgery Center; and CARITAS Peace Center changed its name to Our Lady of Peace. All of the former CHS and Corporation entities continue to exist subsequent to merger and are now operations of JHSMH as of November 1, 2005. Since the merger, JHSMH has embarked upon an extensive integration plan in order to combine the operations of the Corporation and CHS.

On May 15, 2006, JHSMH opened Jewish Hospital Medical Center South, a comprehensive outpatient health care facility located in Bullitt County, Kentucky. Prior to opening this facility, Bullitt County had been federally designated as a Health Professional Shortage Area. The Jewish Hospital Medical Center South campus includes two buildings, the medical center and a medical office building. The medical center provides 24-hour emergency care, diagnostic imaging including MRI scanning and CT, outpatient surgical services, endoscopy, primary care services, mammography and bone densitometry.

On August 9, 2007, JHSMH opened Jewish Hospital Medical Center Southwest, an ambulatory care clinic located in southwest Jefferson County, Kentucky. This facility offers 24-hour emergency services, imaging and other outpatient and diagnostic services.

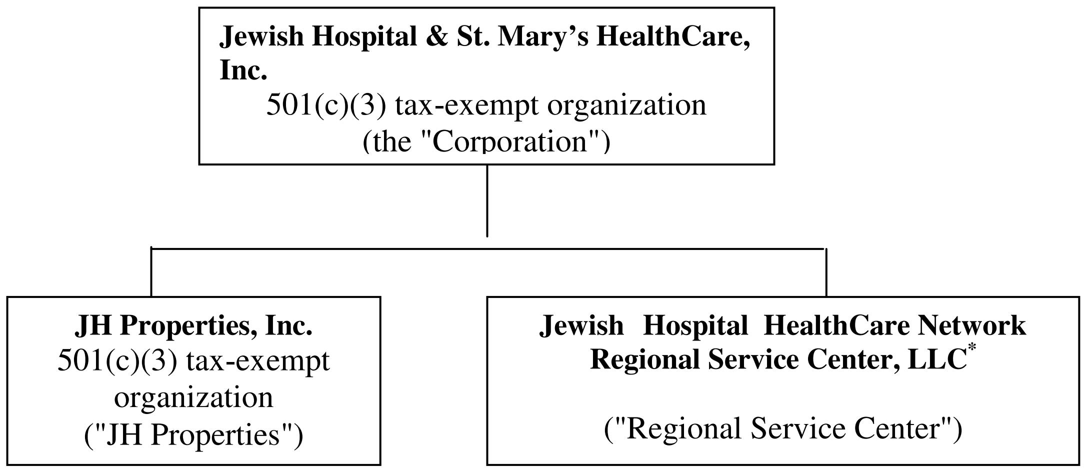
In January 2008, JHSMH purchased the license to operate 40 comprehensive physical rehabilitation beds from Gateway at Norton Rehabilitation Hospital, LLC and Senior Care, Inc.

In February 2008, JHSMH sold the assets of Four Courts Senior Center, its long-term care facility.

CORPORATE STRUCTURE

The Obligated Group

The Obligated Group



The following is a more detailed discussion of each of the Obligated Group Members.

The Corporation. The Corporation is a Kentucky nonstock, nonprofit corporation organized and operated to provide a regional health care network that includes more than 70 health care facilities and 1900 patient beds in Kentucky and southern Indiana. The Corporation offers a complete array of health care services, including: three acute care hospitals, outpatient care, cancer care, occupational health, home care, psychiatric care and rehab medicine. The Corporation is controlled by its two corporate members, Jewish Hospital HealthCare Services, Inc. and CHI-Kentucky, Inc. The Corporation is governed by a Board of Trustees with 24 members, 21 of whom are voting members and 3 of whom are ex-officio, non-voting members. Of the 21 voting members of the Board, 14 are appointed by JHHS and 7 are appointed by CHI-Kentucky. The Corporation and/or its Affiliates employ a network of physicians practices that provide both primary and specialty medical care. The Corporation employs more than 8,100 people.

The Corporation, JH Properties, Inc., Jewish Hospital HealthCare Services, Inc., The Physician Group at Jewish Hospital & St. Mary's HealthCare, Inc. and the Regional Service Center constitute the Obligated Group. [_________________________________] are herein referred to as the "Affiliates."

The Corporation owns the 7-story parking garage located on the Hospital campus at Abraham Flexner Way.

Divisions of the Corporation

The following is a description of certain divisions of the Corporation.

Jewish Hospital (Louisville). Jewish Hospital is a division of the Corporation governed by the Corporation's Board of Trustees.

The Corporation encompasses a growing regional network of health care providers in Kentucky and Southern Indiana. The Hospital is the flagship hospital of the Corporation, being licensed for 537 total beds, 487 of which are

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*Regional Service Center is a Kentucky limited liability company treated as a partnership for federal income tax purposes, the interests of which are owned exclusively by (i) charitable entities treated as exempt from federal income tax under Section 501(c)(3) of the Code and (ii) governmental entities treated as exempt from federal income tax under Section 115 of the Code.

adult medical and surgical acute care beds, 30 of which are leased to Kindred Hospitals Limited Partnership as a long-term acute care ("LTAC") unit, and 20 of which are acute psychiatric beds. Jewish Hospital operates a regional medical center facility providing primary and secondary care services and is a tertiary care and quaternary regional referral center. Jewish Hospital has become internationally renowned as a high-tech specialty center, developing leading-edge advancements in hand and microsurgery, heart and lung care, rehabilitation medicine (including sports medicine and orthopedics), neuroscience, occupational health, organ transplantation, plastic and aesthetic surgery and primary care. Jewish Hospital is federally designated to perform all five solid organ transplants - heart, lung, liver, kidney and pancreas. Jewish Hospital is the top cardiac center (by volume) in the Commonwealth of Kentucky, having performed 1,744 open-heart procedures in 2003.

Jewish Hospital facilities are located in an area known as the Louisville Medical Center, a complex of medical facilities in the vicinity of the University of Louisville School of Medicine.

In October 1999, Jewish Hospital opened the Trager Pavilion, located on the 14th floor of the Hospital's Rudd Heart and Lung Center. Trager Pavilion features state-of-the-art patient suites that provide an enhanced level of amenities and services. Although the level of patient care in the Trager Pavilion is the same as in other areas of the Hospital, the suites are furnished with private, upscale baths, remote TVs, VCR and computer hook-ups with Internet access and a fax machine. Patients have access to concierge services, gourmet menus, VIP sundries, daily newspapers and an evening turn down service. Patients are charged a daily fee that is not covered by insurance for the Trager Pavilion accommodations.

Physicians from the University of Louisville and the internationally renowned hand surgery group Kleinert, Kutz and Associates performed at the Hospital the nation's first two successful hand transplants in January 1999 and February 2001. In August 2001, the Hospital opened the nation's first free-standing Hand Care Center that is open 24 hours a day, seven days a week. The Center provides direct and rapid treatment for patients with specific upper extremity injuries and diseases and is equipped with an emergency room, two operating suites and an overnight recovery center. This facility is connected to the Outpatient Care Center and the Rudd Heart and Lung Center buildings.

On July 2, 2001, a Jewish Hospital/University of Louisville team made history by becoming the first in the world to implant an AbioCor Implantable Replacement Heart. The team repeated the feat with the world's second surgery to implant the AbioCor heart on September 13, 2001 and that patient, Tom Christerson, ultimately became the first artificial heart patient to live a normal life at home – surviving 17 months with his new heart.

Statistics estimate that 1 billion people tuned to news coverage in 2001 alone detailing the world's first and second AbioCor artificial heart recipients. Nearly 98 percent of the national television media outlets picked up stories about the artificial heart patients. Our clipping service logged more than 11,200 newspaper articles from around the world in that first year valued at more than $400 million in comparable advertising dollars.

Kindred Hospital of Louisville. On January 18, 2004, the Corporation and Kindred Healthcare, Inc., opened the doors of a new long-term acute care hospital within Jewish Hospital. The 30-

bed facility provides care to medically complex patients and gives Jewish Hospital patients with complex medical conditions access to more appropriate treatment options.

Owensboro Cardiac Management. On September 12, 2003, the Hospital and Owensboro Medical Health System (OMHS) in Owensboro, Kentucky, entered into an affiliation agreement pursuant to which the Corporation will provide management services for the OMHS cardiovascular program in an effort to innovate the cardiovascular care offered by the program. This affiliation is the Corporation's first venture to manage the cardiology program of another corporation located outside the Hospital's primary service area.

Outpatient Care Center. The Outpatient Care Center is a division of the Corporation. It is governed by the Corporation's Board of Trustees. The primary activities of Outpatient Care Center are outpatient surgery, diagnostic studies and endoscopy. The Outpatient Care Center has nine operating rooms and seven endoscopy procedure suites located therein. The Outpatient Care Center is located on the main downtown Jewish Hospital campus.

Jewish Hospital Foundation. The Foundation is a division of the Corporation. It is governed by the Corporation's Board of Trustees, but has an advisory board that oversees its activities and reports to and is directly responsible to the Corporation's Board. The Foundation is the primary fundraising entity for the Corporation and its Affiliates, and is responsible for approving and soliciting grants for medical research and educational activities.

Frazier Rehab Institute. Frazier Rehab Institute is a division of the Corporation. It is governed by the Corporation's Board of Trustees, but has an advisory board which oversees its activities and reports to and is directly responsible to the Corporation's Board. Frazier Rehab Institute is a fully-accredited and licensed 135-bed rehab hospital and operates 21 outpatient rehab facilities, 17 of which are in Kentucky and 4 of which are in Southern Indiana. In addition, Frazier Rehab Institute manages Southern Indiana Rehab Hospital, a 60-bed freestanding rehab hospital that is in New Albany, Indiana, and that is an equal 1/3-partnership arrangement among the Corporation, Clark Memorial Hospital (Jeffersonville, Indiana) and Floyd Memorial Hospital (New Albany, Indiana). Frazier Rehab Institute also participates as a 50% owner in a joint venture with Clark Memorial Hospital in an outpatient rehab program located at Clark Memorial Hospital. Frazier Rehab Institute manages the joint venture. EmployCare is a workers' compensation program in which approximately 2,500 employers participate, operated in conjunction with the medical staff of the Hospital and Frazier Rehab Institute.

Jewish Hospital Shelbyville. Jewish Hospital Shelbyville is a division of the Corporation. It is governed by the Corporation's Board of Trustees, but has an advisory board that oversees the activities of, reports to and is directly responsible to the Corporation's Board. Jewish Hospital Shelbyville is a fully-accredited and licensed acute care hospital with 70 acute care beds located in Shelby County, Kentucky.

Jewish Hospital Medical Center East. Jewish Hospital Medical Center East is located on two floors (140,000 square feet) of a three-story building owned and managed by JH Properties in eastern Jefferson County, Kentucky. The facility provides outpatient surgery, endoscopy, diagnostic medical imaging, cardiopulmonary services, emergency services, rehab services and occupational medicine, and includes 40 private pre-op/recovery patient suites. The facility is licensed as both an ambulatory care center and ambulatory surgery center. The third floor is physician office space and was not financed by proceeds from any tax-exempt bond offering.

Jewish Hospital Health Center - Meade County. The Jewish Hospital Health Center - Meade County is located in Brandenburg, Kentucky. The 10,000 square foot Health Center is staffed by primary care physicians and a nurse practitioner that specialize in family medicine, including diabetes and prenatal care. In addition, physicians are available to provide specialty services in allergy care, cardiology, neurology, and general surgery. Outpatient rehab services are provided at the Health Center by Frazier Rehab Institute. The Meade County Center is licensed as a rural health clinic, and it brings primary and outpatient health care to an area that is designated as medically underserved.

Jewish Hospital Medical Center South. On May 15, 2006, the Corporation opened a 48,000 square foot outpatient surgical and diagnostic center, on Brooks Road off I-65 in Bullitt County, Kentucky, an adjacent county, south of Jefferson County, Kentucky. The facility includes a comprehensive outpatient service and diagnosis center that provides 24-hour emergency services, magnetic resonance imaging services, a women's center, ambulatory surgical services and endoscopy services to Bullitt County residents.

Jewish Hospital Medical Center Southwest. Jewish Hospital Medical Center Southwest opened in August 2007 in southwest Jefferson County. The facility offers 24 hour, 7 days a week emergency services along with imaging and other outpatient and diagnostic services. The facility is licensed as an ambulatory care clinic.

Jewish Hospital Glenmary Diagnostics. Jewish Hospital Glenmary Diagnostics ("Glenmary") began operations on April 9. 2007. Glenmary offers medical imaging and diagnostic services, including CT, ultrasound, general radiology studies and x-rays. Glenmary is located in eastern Jefferson County, Kentucky. Patients' digital studies performed at Glenmary may also be accessed from other facilities within the Corporation's healthcare services network.

Our Lady of Peace. Our Lady of Peace ("OLOP") is a division of the Corporation which is governed by the Corporation's Board of Trustees. OLOP is one of the largest, private, nonprofit psychiatric hospitals in the country. It offers a full continuum of psychiatric treatment including inpatient, partial hospitalization and outpatient services for children, adolescents, adults and seniors.

Pharmacy Plus. Pharmacy Plus is the Corporation's retail pharmacy which operates in two locations, on the downtown Jewish Hospital campus and on the Sts. Mary & Elizabeth Hospital campus. Pharmacy Plus is a division of the Corporation which is governed by the Corporation's Board of Trustees.

St. Mary's Surgery Center. St. Mary's Surgery Center ("SMSC") is a division of the Corporation, which is governed by the Corporation's Board of Trustees. SMSC is a state-of-the-art freestanding surgery center located near Sts. Mary & Elizabeth Hospital. SMSC is licensed as an ambulatory surgical center.

Sts. Mary & Elizabeth Hospital. Sts. Mary & Elizabeth Hospital ("SMEH") is a division of the Corporation, which is governed by the Corporation's Board of Trustees. SMEH is a 331-bed primary care hospital located in south Louisville, Kentucky. SMEH offers advance treatment in cancer, cardiac care, lung disease, orthopaedics, vascular and general surgery and emergency services. SMEH also operates a wound healing center and a sleep center on its hospital campus.

VNA Nazareth Home Care. VNA Nazareth Home Care ("VNA") is a division of the Corporation. It is governed by the Corporation's Board of Trustees. VNA is based at Jewish Hospital and is a fully licensed and accredited home health agency. VNA's service area in Kentucky includes the following counties: Breckinridge, Bullitt, Hardin, Jefferson, Larue, Marion, Meade, Nelson, Oldham, Shelby, Spencer and Washington. VNA's service area in Indiana includes the following counties: Clark, Crawford, Floyd, Harrison, Jefferson, Jennings, Scott and Washington.

VNA Home Infusion. VNA Home Infusion, a division of VNA, is a state-of-the-art infusion pharmacy that provides patients with infusion therapy at home, creating a safe and cost-effective alternative to hospitalization. VNA Home Infusion services the following Kentucky counties (in addition to those counties served by VNA): Adair, Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Green, Henry, Jackson, Jessamine, Lincoln, Madison, Mercer, Rockcastle, Scott, Taylor, Trimble and Woodford.

Jewish Hospital HealthCare Services, Inc. Jewish Hospital HealthCare Services, Inc. ("JHHS") is one of the two corporate members of the Corporation. JHHS is a Kentucky nonstock, nonprofit corporation which has qualified for tax-exempt status as a supporting organization under Section 509(a)(3) of the Internal Revenue Code. JHHS, as a corporate member of the Corporation, appoints 75% of the Board of Trustees of the Corporation. JHHS, along with CHI-Kentucky, Inc., holds certain reserve powers over the governance and operations of the Corporation.

JH Properties, Inc.. JH Properties is a Kentucky nonstock, nonprofit corporation. The Corporation is its sole member. In 2002, JH Properties acquired the following properties from MedGroup: four physicians' office buildings not contiguous to the Hospital campus for which it also provides management services. Those office buildings are located at the following locations: [1] 9403 Westport Road, Louisville, Kentucky; [2] Jeffersontown Medical Center, 10216 Taylorsville Road, Jeffersontown, Kentucky; [3] Iroquois Medical Center, 5601 South Third Street, Louisville, Kentucky; and [4] 330 East Oak Street, Louisville, Kentucky. In 2002, JH Properties entered into lease agreements for Prospect Point, 9517 U.S. Highway 42, Louisville, Kentucky, and the Commonwealth Bank Building located at 4912 Brownsboro Road. JH Properties also leases 15,600 square feet of space of the Harcourt Building at 410 South First Street in Louisville, Kentucky for Public Relations and Human Resources Departments.

Additionally, JH Properties owns the following office buildings: (i) Doctors Office Building, 250 East Liberty Street, a ten-story physician office building adjacent to the Hospital's facilities. The primary tenants in this building are physicians and medical related organizations, the corporate offices of JH Properties, the Hospital's outpatient cardiac rehab facility and Department of Physician/Hospital Development; (ii) Jewish Hospital Medical Plaza, 100 East Liberty Street, an eight-story physician office building adjacent to the Hospital's facilities; and (iii) Jewish Hospital Physicians Plaza, 727 Hospital Drive, Shelbyville, Kentucky, adjacent to Jewish Hospital Shelbyville. The primary tenants in this building are physicians, the Jewish Hospital Shelbyville EmployCare program and the Jewish Hospital Shelbyville Rehabilitation Department.

JH Properties owns and manages three buildings that are part of the Hospital's main campus: (i) The Rudd Heart and Lung Center, a l4-story building, a portion of which is leased to physicians; (ii) the 8- story Outpatient Care Center building, which houses the Outpatient Care Center, physician offices and medical office condominiums for physicians, located adjacent to the Hospital's facility on Abraham Flexner Way; and (iii) The Hand Care Center, which connects directly to the Outpatient Care Center and the Rudd Heart and Lung Center. The Rudd Heart and Lung Center, adjacent to and connected with the Hospital, is bounded by Abraham Flexner Way, Floyd Street and Muhammad Ali Boulevard. Sequentially, floors 4 and 13 are not counted in the Rudd Heart and Lung Center. The Hospital leases designated floors 2, 3, 5 and a portion of floor 1 for its cardiac care agenda, which includes a medical staff library, cath and electrophysiology labs, operating suites and patient holding areas. The designated sixth floor houses the Hospital's medical imaging and non-invasive cardiology facilities and offices for the Rudd Heart and Lung Center. Designated floors 7 and 8 are for the treatment of acute care patients. Physicians lease designated floors 9 through 12 and a portion of floor 1 as offices. The designated 14th floor houses the Trager Pavilion, upscale patient suites and the designated 15th floor houses the Corporation's offices. The designated 16th floor houses the Corporation's conference center.

JH Properties owns and manages a three-story, 210,000 square foot building located in eastern Jefferson County, Kentucky. JH Properties leases the first and second floors to Jewish Hospital Medical Center East for its ambulatory care and surgery services, while the 70,000 square foot third floor is designed for physician use and is currently leased to several tenants. The third floor was not financed by any tax-exempt bond offering.

JH Properties owns six parking lots adjacent to the Hospital Campus, for a total of approximately 2,300 parking spaces. The locations of those lots are as follows: (i) the Employee Parking Garage, an 8-story parking garage at the corner of Muhammad Ali and Floyd Streets, approximately 237 spaces of the garage are used by the University of Louisville; (ii) a surface lot at 100 East Liberty Street, adjacent to the Jewish Hospital Medical Plaza; (iii) a surface lot at 200 East Liberty Street, adjacent to the heliport formerly used by SKYCARE®; (iv) Anson Parking Garage located at 217 Guthrie Street with 60 parking spaces for employees working at 539 South Fourth Avenue (the Corporate Services Center); (v) a surface lot and parking garage at 250 East Liberty Street adjacent to the Doctor's Office Building; and (vi) the South Parking Lot, a surface lot at the corner of Brook and Chestnut Streets used for employee parking.

In 2002, JH Properties purchased the Corporate Services Center building located at 539 South Fourth Avenue and the adjacent property at 537 South Fourth Avenue in Louisville, Kentucky. The Corporate Services Center houses the Corporation's financial departments, the Data Center and the Strategic Planning, Information Services, Information Technology, Central Scheduling, Risk Management, Legal Services and the Medical Records Department. Attached to the building is a parking garage owned by JH Properties with 309 parking spaces for employees at that location.

In 2002, JH Properties entered into a management agreement to manage the Metro United Way property located at 334 East Broadway, Louisville, Kentucky.

JH Properties also owns undeveloped land of 10.56 acres located at Chamberlain Lane & Angie Way.

On February 6, 2007 JH Properties purchased 4423 Bardstown Road for the benefit of The Physician Group at Jewish Hospital & St. Mary's HealthCare, Inc. for a medical practice location for five employed physicians.

JH Properties owns and manages a 50,000 square foot building located in northern Bullitt County, Kentucky. JH Properties leases the building to Jewish Hospital Medical Center South for its ambulatory care and surgery services. In addition, JH Properties leases a 24,000 square foot Medical Office Building adjacent to Medical Center South and subleases to physicians for medical office use and currently subleases to several tenants.

JH Properties is currently under contract with a developer to lease a 4 story, 120,000 square foot ambulatory care building/physician offices located in northeast Jefferson County, Kentucky. JH Properties will sublease the first and second floors of the building to the future Jewish Hospital Medical Center Northeast for its ambulatory care clinic while the third and fourth floors are designed for physician use. Jewish Hospital Medical Center Northeast is scheduled to open in August 2009. As part of this development, it is contemplated that JH Properties will close on an additional adjacent 40 acres upon the earlier of 24 months after the rent commences under the lease agreements for the 120,000 square feet or February 28, 2011.

Regional Service Center. Regional Service Center is a Kentucky limited liability company treated as a partnership for federal and state income tax purpose, the interests of which are owned exclusively by (i) charitable entities treated as exempt from federal income tax under Section 501(c)(3) of the Code and (ii) governmental entities treated as exempt from federal income tax under Section 115 of the Code. Regional Service Center is a joint venture among the Corporation, Southern Indiana Rehab Hospital (New Albany, Indiana) and the three hospital facilities managed by JHP Management: Clark Memorial Hospital, Jeffersonville, Indiana; Scott Memorial Hospital, Scottsburg, Indiana; and Taylor Regional Hospital, Campbellsville, Kentucky. The Corporation owns 82.00% of Regional Service Center. Regional Service Center distributes medical-surgical supplies, products and other services to the partner facilities. Because Regional Service Center negotiates directly with the manufacturers of the products and supplies, it is able to provide them at a lower cost than if the Corporation or the partner facilities purchased them through a group purchasing organization. Regional Service Center does not distribute pharmaceuticals or food products. Regional Service Center occupies 150,000 square feet of a warehouse it leases from an unaffiliated party located at 5000 Commerce Crossings in Louisville, Kentucky.

The Physician Group at Jewish Hospital & St. Mary's HealthCare, Inc. The Corporation employs over 140 physicians and physician extenders, through its wholly-owned subsidiary, The Physician Group at Jewish Hospital & St. Mary's HealthCare, Inc. ("TPG"). TPG specialties include Family and Internal Medicine, Internal Medicine/Pediatric Medicine, Cardiology, Gastroenterology, Neurology, Orthopaedics, Anesthesia and Psychiatry.

The Non-Obligated Group.

The following is a brief description of each of the Non-Obligated Group entities.

Southern Indiana Rehab Hospital. Southern Indiana Rehab Hospital is located in New Albany, Indiana. It is a 60-bed licensed and fully-accredited inpatient rehabilitation care hospital founded in 1993. The Corporation, Clark Memorial Hospital (Jeffersonville, Indiana) and Floyd Memorial Hospital (New Albany, Indiana) each own a one-third partnership in Southern Indiana Rehab Hospital, which Frazier Rehab Institute manages.

University of Louisville and Jewish Hospital Cardiovascular Innovation Institute, Inc. University of Louisville and Jewish Hospital Cardiovascular Innovation Institute (the "Institute") is a Kentucky nonstock, nonprofit corporation of which the Corporation and the University of Louisville are the two corporate members. The facility consists of a Research Building located at ____________________ and an Animal Research Lab located at ____________________. The Institute received a $5 million grant from the Kentucky Office for the New Economy, which was allocated for the construction of the Animal Research Lab. The Institute's mission is to improve care for patients with advanced heart disease, so that they may live longer, healthier lives. The Institute will focus on bio-adaptive heart innovations, including the integration of heart assist devices, biofeedback sensors and related technologies.

MedGroup Management, LLC. The Corporation owns 100% of MedGroup, a for-profit corporation. Historically, MedGroup provided operational and management services to the Corporation's managed county hospital facilities in Kentucky and southern Indiana. These activities were transferred to JHP Management, Inc. effective November 1, 2005.

JHP Management, Inc. JHP Management, Inc., a Kentucky for-profit corporation ("JHP") is owned by JHHS, one of the corporate members of the Corporation. JHP provides operational and management services under long-term contracts for (i) Clark Memorial Hospital ("Clark"), a 241-bed community hospital located in Jeffersonville, Indiana; (ii) Scott Memorial Hospital ("Scott"), a 25-bed community hospital located in Scottsburg, Indiana; and (iii) Taylor Regional Hospital ("Taylor"), a 90-bed hospital located in Campbellsville, Kentucky. Taylor, Clark and Scott are collectively hereinafter referred to as the "Managed Institutions."

Governance

The present Trustees of the Corporation and their occupations are set forth on the following pages. The President of the Corporation, the Chairperson of the JHSM Foundation, and the President of the Medical Staff serve as "ex officio" non-voting members of the Board of Trustees of the Corporation.

JEWISH HOSPITAL & ST. MARY'S HEALTHCARE, INC. TRUSTEES

NAME	PRINCIPAL OCCUPATIONS	TERM EXPIRATION DATE
Abrams, Ronald W., CPA	Retired; Chairman of the Board	2009
Altman, Henry M., Jr., CPA	Retired	2008
Atlas, LouAnn	Vice President and Trust Officer, Fifth Third Bank	2010
Campbell, Gary S.	Healthcare executive, Catholic Health Initiatives	Ex Officio, voting
Derr, John W., M.D.	Physician; President of JHSMH Medical Staff	Ex Officio; non-voting
Fennell, David W.	Officer, National City Bank of Kentucky	2009
Gatz, Sister Susan	Sister, Administration	2009
Gray, Laman A., Jr., M.D.	Physician	2008
Hammer, Robert G., M.D.	Physician	2008
Hammond, Sandra Barr, Esq.	Attorney, Borowitz & Goldsmith	2010
James, Douglas	Director of Sales, Radio One	2008
Jones, Mark R., M.D.	Physician	2010
Katz, Lowell D., M.D.	Physician	2009
Margulis, Martin	Retired	2008
Musselman, Elaine	Insurance executive, Risk Management Services, Inc.	2010
Parkinson, Don	Retired	Ex Officio; non-voting
Rooney, Jo Ann	President, Spalding University	2009
Samuels, Bill, Jr.	President, Maker's Mark	2009
Shapero, Julian, L.	Retired	2008
Shircliff, Robert L.	President/CEO, JHSMH and JHHS	Ex Officio; non-voting
Switow, Mark	Officer, UBS Financial Services	2010
Temes, Gerald D., M.D.	Retired physician	2009
Trager, Steven E., Esq.	Chairman and Chief Executive Officer, Republic Bank & Trust Company	2008
Waterman, Louis I., Esq.	Judge, Jefferson Family Court, Division 4	2010

Management

The key personnel of the Corporation and the other Obligated Group Members responsible for management and policy decisions are set forth below:

Robert Lee Shircliff (51), President and Chief Executive Officer of the Corporation Education: B.S. University of Louisville (1977); M.H.A. Washington University (1979). Experience: Vice President, Barnes Hospital, St. Louis, Missouri 1979-1984; Vice President Sts. Mary & Elizabeth Hospital, Louisville, Kentucky (1984-1985). Mr. Shircliff joined the Hospital as a Vice President in 1985. Professional: Member, American Hospital Association, Diplomat, American College of Healthcare Executives; Member, Metropolitan Hospital Council of Louisville; Member, Indiana Hospital Association; Civic: Board of Directors, Republic Bank and Trust Company (1989 – 2003); Chairman and Member, Board of Directors, St. Xavier High School; Member, Bellarmine University Board of Directors (current); Louisville Metro United Way; Chairman, Metro United Way Shelby County Campaign (1990); Co-Chairman, Shelby County Fund for the Arts Campaign (1990); Graduate, Leadership Louisville (1986); Graduate, Leadership Louisville Bingham Fellows (2000), Leadership Louisville, Board (current); Leadership Kentucky Board (current).

Deborah K. Molnar (53), Senior Vice President and Chief Operating Officer of the Corporation. Education: Bachelor of Science in Nursing, Spalding University, Louisville, Kentucky (1976); Master of Business Administration, Bellarmine University, Louisville, Kentucky (1986). Employment History: Ms. Molnar has been employed with the Jewish Hospital organization since 1976, serving in the following positions: Clinical Nursing (1976 – 1981); Interim Administrator, Four Courts Senior Center (1981 – 1982); Director, Educational Services for Nursing (1982 – 1983); Director, Surgical Services (1982 – 1984); Director, Human Resources (1984 – 1998); Vice President (1998 – 2000); President and CEO, Jewish Hospital Medical Center East/Vice President, Jewish Hospital HealthCare Services (2000–2005); Senior Vice President, Jewish Hospital & St. Mary's HealthCare (2005-2006); Senior Vice President/Chief Operating Officer (2007 – present). Professional: Member, American College of Healthcare Executives; Member, St. Matthews Business Association. Civic: Spalding University Advisory Board (2000 – present); Graduate, Leadership Louisville Class of 2006; Junior Achievement Volunteer; Junior League of Louisville Community Partner Award; and Innovative Productivity Board Member. In addition, Ms. Molnar received the 2006 and 2007 Partner in Healthcare Awards**.**

Lynn T. Simon, M.D. ( ) Senior Vice President and Chief Medical Officer of the Corporation Education: B.A. Indiana University (1981); M.D. University of Louisville School of Medicine (1985); Medical Internship, Rush-Presbyterian-St. Luke's Medical Center, Chicago, Illinois (1986); Neurology Residency, Stanford University, Stanford, California, Administrative Chief Resident (1986-1989); M.B.A Bellarmine University, Louisville, Kentucky (2002). Professional: Private practice, Neurology, Louisville, Kentucky (1989-2005); Medical Administrator, Jewish Hospital (200-2004); Vice President, Medical Affairs, Jewish Hospital (2004-2005); Senior Vice President, CMO, Jewish Hospital & St. Mary's HealthCare, Inc. (2005 to present). Honors and Professional Membership: Alpha Omega Alphs Honor Medical Society; Senior (medical student) Award for Excellence in Neuroscience; Lange Medical Publications Award for Outstanding Achievement as a Student; Greater Louisville Medical Society; American Board of Quality Assurance and Utilization Review Physicians; American College of Healthcare Executives; American College of Physician Executives; American College of Medical Quality. Civic: Board of Trustees, Jewish Hospital HealthCare Services, Inc. (2000-2001); Jewish Hospital Active Medical Staff (1989-2005), Honorary Staff (2006 to present); Quality Assurance and Improvement Committee, Jewish Hospital (1992-2000); Medical Executive Committee, Jewish Hospital, 1995-2000, Secretary (1995-1997); Professional Review Committee, Jewish

Hospital, Chairman (1999-2000); Neuroscience Committee, Jewish Hospital, Vice Chairman (1992-2001); Jewish Hospital Emergency Stroke Center, Medical Director (1996-2000); American Heart Association, Co-Chairman, Operation Stroke (2000-2001); American Heart Association, President, Kentuckiana Metro Division (2001-2003); Greater Louisville Medical Society, CAPS Committee (2005-2006); Greater Louisville Medical Society, Judicial Council, Secretary (2005-2006); American College of Medical Quality-Grants and Scholarships Committee (2006 to present); Greater Louisville Medical Society, Judicial Council, Chair (2007 to present).

Joanne M. Berryman (59), Senior Vice President Rehabilitation & Network Hospitals Agenda. Education: B.S.N., University of Louisville School of Nursing (1980); M.S.N. in Nursing Administration, University of Texas, Arlington (1982). Employment History: Ms. Berryman has held a number of positions with the Corporation since she returned to Louisville in 1981. As Assistant Vice-President, she led the program development, construction and first two-year successful operations of the free-standing Outpatient Care Center on the Jewish Hospital Medical Center Campus. Prior to the September 1, 1994 merger of Frazier Rehab Institute into the Corporation, she was President and Chief Executive Officer of Frazier Rehab Institute, and Vice President of the Corporation (1990-1994). Ms. Berryman became Senior Vice President of the Corporation in 1996. In the same year she led the merger of the Visiting Nurse Association into Jewish Hospital. She also orchestrated the acquisition of the Southern Indiana Rehab Hospital, forming a Southern Indiana community partnership among Clark Memorial Hospital, Floyd Memorial Hospital with Frazier appointed as the managing partner. Professional: Honorary Doctorate from Spalding University; Fellow, American College of Health Care Executives; Board Member, University of Louisville Board of Overseers; Board Member, Spalding University. Civic: Board of Directors, Rotary Club of Louisville (1996, 2001), Member (1991- 2008); Graduate, Leadership Louisville; University of Louisville, Alumni Board (1996-2003); Board of Directors, Metro United Way.

David G. Laird (61), Senior Vice President of Business & Strategic Development. Education: B.A. & M.A., Western Kentucky University (1969; 1971); M.H.A., Saint Louis University (1974); Yale Executive Management Program, Yale University (1989). Employment History: Mr. Laird held a number of positions with Humana from 1974 – 1992, the last being Senior Vice President of Marketing and Sales. Mr. Laird led several financial turnaround situations as CEO of two Louisville, Kentucky hospitals: University Hospital and Suburban Hospital; He was Vice President of European Operations for Humana for 6 years. (1977-1983) He previously ran two hospitals for Humana in Texas and New Mexico. COO and CEO of various entrepreneur ventures (1992 – 1998); Senior Vice President for Norton Healthcare (1998 – 2006). For two years he headed up Norton Hospital. He was brought in to financially turn it around as well. Executive Vice President, Faulkner Healthcare Real Estate Prior (2006 – 2008); Mr. Laird joined JHSMH in March 2008 as a Senior Vice President of Business & Strategic Development. Professional: Board Member, Hôpital De La Tours, Geneva, Switzerland (1980-1983); Board Member, Humana Hospital, Madrid, Spain (1981-1983); Board Chairman, Letus, Redwood City, CA (1991-1994); Board Member, Healthcare International, Glasgow, Scotland (1991-1994); Board Member, HealthTask, Atlanta, GA (1995-1996); Co-Founder & Board Member, MTS and American Hospital Directory, Louisville, KY (1995-1998); Board Member, Medical News, Louisville (2006-2008); Board Member, Western Kentucky University Advisory

Board, College of Education (2005 – Present); Board Member, MedX12 (2006-Present); Board Member, Nucleus (2008); Board Member, Metacyte (2008); Board Member, American Collaborative Biorepository (2008). Civic: Board Member, Esperanza, Hobbs, New Mexico (1974-1975); Board Member, Wellington Foundation, London, England (1978-1983); Board Chairman, American Church in London, England (1980-1983); Advisory Board Member, Christ United Methodist Church, Louisville, KY (1984-1989); Board Member, Kentucky Country Day School (KCD) (1984-1988); Board Chairman, (KCD), Louisville, KY (1989); Board Member, American Red Cross (1986-1989); The Cabbage Patch, Louisville, KY (2005-2008).

FINANCIAL

[TO BE PROVIDED]

SERVICE AREA AND SELECTED COMPARATIVE DATA

[TO BE PROVIDED]

SERVICES

[To Be Provided]

MEDICAL STAFF

The Medical Staff is organized and operated within the guidelines established by The Joint Commission ("Joint Commission"). Physicians admitted to practice at Jewish Hospital Shelbyville are divided into groups of Consulting, Active, Courtesy and Provisional Staff. Physicians admitted to practice at the other JHSMH facilities are divided into groups of Active, Referring and Provisional Staff.

As of April 2008, Jewish Hospital & St. Mary's HealthCare had 1,503 members on the combined Medical Staff. Of these, 1,342 were on the Active Staff and 161 were on the Provisional Staff. The JHSMH Medical Staff represents approximately one-third of the physicians listed by the Jefferson County Medical Society for 2008.

As of April 2008, Jewish Hospital Shelbyville listed 169 members on its Medical Staff. Of these, 56 were on the Active Staff , 91 were on the Courtesy Staff, 8 were on the Provisional Staff, and 14 were on the Consulting Staff.

Consistent with Joint Commission guidelines, the combined Medical Staff of Jewish Hospital, Sts. Mary & Elizabeth Hospital, Our Lady of Peace, Jewish Hospital Medical Center East, Jewish Hospital Medical Center South, Jewish Hospital Medical Center Southwest, St. Mary's Surgery Center and Frazier Rehab Institute (the "JHSMH Medical Staff") is a formally organized body fully integrated and operational and interfacing with the Board of Trustees of the Corporation, the Frazier Rehab Institute Advisory Board, and the management of each facility. The Medical Staff of Jewish Hospital Shelbyville is separately organized and operates under its own Medical Staff Bylaws separate from the JHSMH Medical Staff Bylaws. The President of the JHSMH Medical Staff serves as a non-voting member of the Board of Trustees of the Corporation.

As of April 2008, the specialties of the Active, Courtesy and Provisional Medical Staff of JHSMH the number of physicians and the number of board certified physicians are set forth on the following charts. The average age of the Active Courtesy and Provisional Medical Staff of JHSMH is 51.

JHSMH Medical Staff

SPECIALTY	TOTAL NUMBER OF PHYSICIANS	BOARD CERTIFIED
Department of Medicine		
Allergy	13	12
Cardiology	112	98
Dermatology	25	22
Endocrinology	14	12
Family Practice	106	75
Gastroenterology	47	41
Internal Medicine	178	134
Hematology/Oncology	30	23
Infectious Disease	17	13
Nephrology	35	27
Neurology	33	22
Oncology	12	10
Pediatrics	35	32
Physical Medicine and Rehab	18	12
Pulmonary Diseases	43	33
Rheumatology	10	8
Department of Surgery		
Anesthesiology	45	37
Cardiac/Vascular/Thoracic	36	32
Colorectal Surgery	6	4
General Surgery	67	62
Gynecology	72	61
Hand Surgery/Plastics	22	8
Neurosurgery	16	14
Ophthalmology	48	39
Oral/Maxillofacial Surgery	29	23
Orthopaedic Surgery	80	63
Otolaryngology	32	32
Pediatric Surgery	13	10
Plastic Surgery	33	27
Surgical Assistants	11	2
Transplant Surgery	4	3
Urology	33	29
Other Departments		
Medical Imaging	66	58
Emergency Medicine	44	34
General Dentistry	9	1
Occupational Medicine	6	4

Pathology	11	10
Pain Management	17	6
Prosthodontics	1	1
Psychiatry	38	25
Podiatry	33	15
Palliative Medicine	3	3
Total	**1,503**	**1,177**

As of April 2008, the specialties of the Active, Courtesy and Provisional Medical Staff of Jewish Hospital Shelbyville, the number of physicians, and the number of board certified physicians are set forth below:

SPECIALTY Dept. of Family Practice/Medicine	**TOTAL NUMBER OF PHYSICIANS**	**BOARD CERTIFIED**
Allergy	7	7
Cardiology	14	14
Dermatology	0	0
Diagnostic Radiology/Medical Imaging	18	18
Emergency Medicine	19	17
Endocrinology	0	0
Family Practice	15	13
Gastroenterology	1	1
Internal Medicine	1	1
Internal Med/Pediatrics	1	1
Infectious Disease	0	0
Nephrology	6	6
Neurology	1	0
Oncology/Hematology	3	0
Pediatrics	4	4
Pediatric Cardiology	2	2
Physical Medicine	6	6
Pulmonary Diseases	4	3
Rheumatology	0	0
Dept. of Surgery		
Anesthesiology	2	2
General Dentistry	0	0
General Surgery	3	3
Hand Surgery/Orthopedics	0	0
Neurosurgery	2	2

Obstetrics/Gynecology	3	3
Ophthalmology	1	1
Oral/Maxiollofacial Surgery	2	1
Orthopaedic Surgery	4	4
Otolaryngology	4	3
Pain Management/Anesthesia	2	2
Pathology	4	4
Pediatric Orthopedics	1	1
Plastic Surgery	0	0
Spine Surgery/Orthopedics	1	1
Urology	7	7
Total	**139**	**127**

The average age of the Medical Staff of Jewish Hospital Shelbyville is 49.

A change in admitting practices by a major admitter or a group of physicians could have an adverse effect on the Corporation. Although the Corporation believes that its relationship with its Medical Staff is good, the members of the Medical Staff have the right to change their hospital-based practice if they choose to do so.

ADDITIONAL INFORMATION

Employees

As of December 31, 2007, the Obligated Group employed 5,645 full-time employees and 2,370 part-time employees, for a total of 6,188 full-time equivalent employees. The Obligated Group has never experienced a work stoppage, nor have any areas of service ever been closed due to a shortage of nurses or other personnel. Employees are not represented by a labor union and the Obligated Group is not engaged in any activities related to unionization or collective bargaining. The Obligated Group considers relations with employees to be very good. Our August 2007 Team Member Satisfaction survey resulted in our team member satisfaction being at the 81st percentile (in the top 20% percentile of all facilities surveyed across the country) .

Volunteer Services

The Obligated Group has a volunteer force of over 200 individuals who provide numerous services, including staffing the information desk, delivering patient mail, data entry in several hospital departments and assisting families in the Intensive Care waiting room. Volunteers donate over 20,000 hours in 30 service areas each year.

Insurance Program

The Corporation and Affiliates provide for professional liability insurance through [i] a self-funded insurance trust that covers claims up to $3,000,000 per occurrence and $14,000,000 annual aggregate; and [ii] a $35,000,000 per occurrence and $35,000,000 annual aggregate excess commercial professional and general liability coverage insurance policy covering claims above the primary level. An annual review of the funding requirements of the self-funded trust by an independent actuarial firm provides the basis for contributions to the trust.

The Corporation and Affiliates maintain all-risk property insurance, with endorsements for business interruption, gross earnings, additional perils and contingent business interruption for all its facilities with a $1,000,000,000 limit combined Property Damage and Business Interruption coverage; fleet auto insurance with a limit of $1,000,000; non-owned aircraft liability insurance with a limit of $15,000,000; heliport liability insurance with a limit of $15,000,000; garagekeepers' liability insurance with a limit of $1,000,000; directors' and officers' liability and reimbursement insurance with an aggregate limit of $10,000,000; and fiduciary liability (including pension fund insurance) and crime coverage (including employee dishonesty coverage) with a limit of $10,000,000.. The Corporation and Affiliates are self-insured against workers' compensation liability with a self-insured retention amount of $750,000. The

Corporation purchases excess workers' compensation insurance with a limit of $25,000,000 and employers' liability insurance with a limit of $1,000,000.

Education

Through a series of affiliation agreements with the University of Louisville, the Corporation and Jewish Hospital maintain active teaching programs for medical students, interns and residents, including programs in surgery, internal medicine and family practice. Special programs are also maintained in a number of medical and surgical sub-specialties. In August of 2007, Jewish Hospital opened the Jewish Hospital Podiatric Residency Program, its first owned residency program, wherein Jewish Hospital employs residents and operates an active teaching program in podiatric medicine.

Accreditation, Memberships, Affiliations, Licensing

The Corporation and its provider-based facilities received a three year accreditation from JCAHO in January 2006. Jewish Hospital's,. Sts. Mary & Elizabeth Hospital's, and Our Lady of Peace's state licenses were most recently renewed through November 2008.

Jewish Hospital has also been certified by the Social Security Administration as a Medicare Provider Hospital; and the Hospital's End – Stage Renal Disease Program and Renal Transplantation Services have been approved by the Social Security Administration. With respect to its heart transplantation program, Jewish Hospital is (i) on the national Network for Blue Cross as a preferred provider and (ii) a Medicare approved facility.

Jewish Hospital and Jewish Hospital Shelbyville are members of the American Hospital Association, Kentucky Hospital Association, Hospital Council of Metropolitan Louisville, Blue Cross and the Kentuckiana Nurse-Education Consortium. Jewish Hospital is also a member of Louisville Medical Center, Inc.

Jewish Hospital is affiliated by agreements with the University of Louisville School of Medicine, University of Louisville – Division of Allied Health, University of Louisville School of Nursing, Indiana University School of Nursing and Allied Health, Bellarmine University – Nursing Programs, Albert B. Chandler Medical Center, Jefferson State Vocational – Technical School and Manpower Skill Center, Board of Education of Jefferson County, Kentucky, Hospice of Louisville, Inc., Spalding University National Executive Housekeepers' Association, Jefferson Community College, University of Kentucky College of Allied Health Professions and Indiana Vocational Technical College; and is licensed by the Department for Human Resources of the Commonwealth of Kentucky.

Litigation

U.S. Attorney's Office Investigation.

In July 2005, two former employees of Scott Memorial Hospital filed a qui tam action under seal in the United States District Court for the Southern District of Indiana against Scott Memorial Hospital and Jewish Hospital HealthCare Services, Inc. ("JHHS") alleging improper billing practices for tests and lab procedures conducted by the laboratory at Scott Memorial. JHHS is a party to this action due to its management contract via its wholly-owned subsidiary, MedGroup Management, LLC with Scott Memorial. In early 2007, the U.S. government declined to intervene in this action and the seal was lifted on the complaint. Discovery is being conducted. Although the outcome of the case cannot be predicted with certainty, management reasonably believes that the outcome of the case will not have a material adverse effect on the Corporation's financial position, results of operations or cash flows.

Employment Litigation. In January 2001, an employee of the Hospital filed a complaint in Jefferson Circuit Court, Louisville, Kentucky, alleging race, age and sex discrimination, breach of contract, promissory estoppel and intentional infliction of emotional distress. The plaintiff seeks compensatory and punitive damages. On December 5, 2001, the plaintiff filed a motion to amend the complaint to add an additional plaintiff and to convert the case to a class action. On February 1, 2002, the court granted the motion to amend. Plaintiff's motion to certify the class was subsequently denied, but the Court allowed Plaintiff's counsel to add approximately 24 additional plaintiffs to the lawsuit. The Plaintiffs' claims will be tried in small groups based on the substance of the allegations. Discovery in the case is ongoing. The first trial is scheduled to begin on August 12, 2008. The Corporation is vigorously defending the action. Management of the Corporation reasonably believes that the outcome of this litigation will not have a material adverse effect on the Corporation's financial position, results of operations or cash flows.

Other Litigation. The Corporation and other unrelated parties are defendants in various medical malpractice or employment lawsuits other than those described above. Management of the Corporation believes that it possesses adequate defenses to these claims, and in the event of any adverse judgments to the Corporation, management believes that adequate reserves and insurance are available for satisfaction of any such judgments. The Corporation is involved in other litigation from time to time, none of which management considers material to the Corporation.

APPENDIX B

Audited Combined Financial Statements of Jewish Hospital & St. Mary's Healthcare, Inc.

APPENDIX C

Definitions of Certain Terms; Summaries of Principal Documents

APPENDIX D

Form of Bond Counsel Opinion for the Series 2008 Bonds

APPENDIX E

Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is entered into as of this 1st day of June, 2008, by JEWISH HOSPITAL & ST. MARY'S HEALTHCARE, INC., a Kentucky nonprofit corporation (the "Borrower"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., as Dissemination Agent (the "Dissemination Agent"), in connection with the issuance by the Louisville/Jefferson County Metro Government (the "Issuer") of, and for the benefit of the owners from time to time of the $380, 000,000 Health Facilities Revenue Bonds, Series 2008 (Jewish Hospital & St. Mary's HealthCare, Inc. Project) (the "Bonds").

The Bonds are being issued pursuant to a Bond Trust Indenture, dated as of June 1, 2008, between the Issuer and The Bank of New York Trust Company, N.A., as bond trustee (the "Bond Trustee"), as from time to time supplemented and amended (the "Bond Indenture"). Proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2008 (the "Loan Agreement"), between the Issuer and the Borrower. To evidence and secure the loans, the Borrower is delivering to the Issuer its Series 2008 Note, dated as of June ___, 2008 (the "Note"), issued under the Amended and Restated Master Trust Indenture, dated as of June 1, 2008 (the "Original Master Indenture"), as supplemented by Supplemental Indenture No. 1, dated as of June 1, 2008 (the "First Supplement", and together with the Original Master Indenture, the "Master Indenture"), each between the Borrower and other members of the Obligated Group, and The Bank of New York Trust Company, N.A., as master trustee (the "Master Trustee").

The Borrower and the Dissemination Agent covenant and agree as follows:

1. Definitions. Initially capitalized terms used but not otherwise defined in this Agreement have the same meanings given them in the Bond Indenture. In addition, the terms defined above shall have the meanings set forth above and the following terms have the following meanings:

"Borrower Annual Report" means the annual report of the Borrower described in Section 3 below.

"Borrower Quarterly Report" means the quarterly report of the Borrower described in Section 4 below.

"Dissemination Agent" means The Bank of New York Trust Company, N.A., and any other Dissemination Agent from time to time serving under this Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. As of the date hereof, the following organizations are NRMSIRs:

Bloomberg Municipal Repository

100 Business Park Drive

Skillman, New Jersey 08558

Phone: (609) 279-3225

Fax: (609) 279-5962

Email: munis@bloomberg.com

DPC Data Inc.

One Executive Drive

Fort Lee, New Jersey 07024

Phone: (201) 346-0701

Fax: (201) 947-0107

Email: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR

100 William Street, 15th Floor

New York, NY 10038

Phone: (212) 771-6999

Fax: (212) 771-7390

Email: nrmsir@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street, 45th Floor

New York, New York 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

Email: nrmsir_repository@sandp.com

"Official Statement" means the final Official Statement with respect to the Bonds dated June ___, 2008.

"Participating Underwriters" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds, including, but not limited to, UBS Securities LLC and _______________.

"Repositories" means each NRMSIR and the SID, if any.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended ("1934 Act"), as the same may be amended from time to time.

"SID" means any public or private repository or entity as may be designated by the State as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no SID.

"Significant Event(s)" means any one or more of the events described in Section 6 below.

"State" means the Commonwealth of Kentucky.

2. Purpose of the Agreement; Manner of Providing Materials.

(a) This Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of registered and beneficial owners of Bonds and in order to assist the Participating Underwriters in complying with the Rule. As required by the Rule, this Agreement is enforceable by registered and beneficial owners of Bonds, as further provided in Section 12 of this Agreement.

(b) In the event that any new Member shall join the Obligated Group after the date of this Agreement, the Borrower shall cause the same information as is required to be provided by the Borrower or the Obligated Group under the terms of this Agreement to be provided in accordance with the terms of this Agreement with respect to such new Member and with respect to the entire Obligated Group.

(c) Without limitation on any other provision of this Agreement, each item that the Borrower is obligated to provide under the terms of this Agreement may be provided by the Borrower to the parties entitled to receive same either (i) directly, or (ii) if the Bond Trustee or any successor Trustee under the Bond Indenture, or any other agent engaged by the Borrower for such purpose, has agreed with the Borrower to provide same to the parties entitled to receive same, then through the Bond Trustee, such successor Trustee or such agent.

3. Borrower Annual Report.

(a) Within six months after the end of each fiscal year of the Borrower (the "Annual Report Date"), commencing with the fiscal year ending December 31, 2008, the Borrower shall provide to each of (i) each registered or beneficial owner of the Bonds who requests such information, (ii) each NRMSIR, and (iii) the SID, if any, the Borrower Annual Report, which shall include the following:

(i) Financial information and operating data relating to the Borrower updating the financial information and operating data presented in tabular format in Appendix A to the Official Statement under the following captions (provided, however, that the updating information may be provided in such format as the Borrower deems appropriate): "Obligated Group Financial Results," "Jewish Hospital & St. Mary's HealthCare, Inc. Condensed Financial Results," "Key Financial Ratios," "Percentage of Revenue by Source in Dollars" and "Utilization of the Corporation's Facilities."

(ii) Audited combined financial statements of the Borrower for the most recently ended fiscal year, prepared in conformity with generally accepted accounting principles, consistently applied. The Borrower may from time to time, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided by the Borrower to (A) either each NRMSIR or the MSRB and (B) the SID, if any, and shall include a reference to the specific federal or State law or regulation, or official statement of accounting principles, directing or authorizing such accounting basis. If audited combined financial statements are not available by the end of the sixth month after the end of the applicable fiscal year, then they shall be provided when available, and unaudited combined financial statements shall be provided in place of audited combined financial statements by such date.

The Borrower may satisfy its obligations under this paragraph (a) by utilizing the Dissemination Agent as provided in paragraph (c) of this Section.

(b) If the Borrower changes its fiscal year, the Borrower shall send notice of such change to (i) the Dissemination Agent, (ii) either each NRMSIR or the MSRB and (iii) the SID, if any. If a change is made to the basis on which financial statements are prepared, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

(c) Not less than fifteen (15) days prior to the Annual Report Date (the "Annual Submission Date"), the Borrower shall submit the Borrower Annual Report to the Dissemination Agent in such quantities as the Dissemination Agent may request. The Borrower shall include with each submission of a Borrower Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Borrower Annual Report is the Borrower Annual Report required by this Section and that it complies with the applicable requirements of this Section. Upon receipt of such Borrower Annual Report and written representation, the Dissemination Agent shall promptly provide such Borrower Annual Report to each party entitled to receive same under the terms of this Section.

(d) The Borrower shall also provide, in a timely manner, to (i) the Dissemination Agent, (ii) either each NRMSIR or the MSRB, and (iii) the SID, if any, notice in substantially the form of Exhibit A of a failure to satisfy the requirements of subparagraphs 3(a)(i) and 3(a)(ii) above. Upon receipt of such a notice, the Dissemination Agent shall promptly transmit such notice to (i) either each NRMSIR or the MSRB, and (ii) the SID, if any.

4. Borrower Quarterly Report.

(a) Within two months after the end of each fiscal quarter of the Borrower (the "Quarterly Report Date") commencing with the quarter ending June 30, 2008, the Borrower shall provide any entity entitled to receive a Borrower Annual Report pursuant to Section 3 above, the Borrower Quarterly Report, which shall consist of unaudited combined balance sheets, statements of operations and changes in net assets and statements of cash flows, including additional combining information for such quarter and the data for such quarter set forth in tabular form under the caption "Obligated Group Financial Results" in Appendix A of the Official Statement. The Borrower may satisfy its obligations under this paragraph (a) by utilizing the Dissemination Agent as provided in paragraph (b) of this Section.

(b) Not less than fifteen (15) days prior to the Quarterly Report Date (the "Quarterly Submission Date"), the Borrower shall submit the Borrower Quarterly Report to the Dissemination Agent in such quantities as the Dissemination Agent may request. The Borrower shall include with each submission of a Borrower Quarterly Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Borrower Quarterly Report is the Borrower Quarterly Report required by this Section and that it complies with the applicable requirements of this Section. Upon receipt of such Borrower Quarterly Report and written representation, the Dissemination Agent shall promptly provide such Borrower Quarterly Report to each party entitled to receive same under the terms of this Section.

(c) The Borrower shall also provide, in a timely manner, to (i) the Dissemination Agent, (ii) either each NRMSIR or the MSRB, and (iii) the SID, if any, notice in substantially the form of Exhibit B of a failure to satisfy the requirements of this Section 4. Upon receipt of such a notice, the Dissemination Agent shall promptly transmit such notice to (i) either each NRMSIR or the MSRB, and (ii) the SID, if any.

5. Incorporation by Reference. Any or all of the items listed in subparagraphs 3(a)(i) and 3(a)(ii) or Section 4 above may be incorporated by reference from other documents, including other official statements of the Borrower or related entities, which have been submitted to each of the Repositories. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference in the Borrower Annual Report or Borrower Quarterly Report.

6. Significant Events.

(a) The Borrower shall also provide, in a timely manner, to (i) the Dissemination Agent, (ii) either each NRMSIR or the MSRB, and (iii) the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if the event is material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modification to rights of owners of the Bonds;

(viii) bond calls (other than mandatory sinking fund redemptions);

(ix) defeasances;

(x) release, substitution or sale of property securing the repayment of the Bonds; and

(xi) rating changes.

The Borrower may satisfy its obligations under this paragraph (a) by utilizing the Dissemination Agent as provided in paragraph (b) of this Section.

(b) Upon receipt of such a notice from the Borrower, the Dissemination Agent shall promptly transmit such notice to each party entitled to receive same under the terms of this Agreement.

(c) The Dissemination Agent agrees to promptly advise the Borrower whenever, in the course of performing its duties as Bond Trustee, it identifies an occurrence which, if determined to be material by the Borrower, would require the Borrower to provide a notice pursuant to this Section; provided, however, that the failure of the Bond Trustee so to advise the Borrower of such occurrence shall not constitute a breach by the Bond Trustee of any of its duties and responsibilities under the Bond Indenture. If in response to a notice under this paragraph (c), the Borrower determines that the event would not be material, the Borrower shall not be required to report the occurrence pursuant to this Section.

7. Management Discussion of Items Disclosed in the Borrower Annual Reports or as Significant Events. If any item required to be disclosed in the Borrower Annual Report or as a Significant Event would be misleading without further discussion, the Borrower shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

8. Concerning the Dissemination Agent.

(a) The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If no Dissemination Agent has been appointed or engaged or if a Dissemination Agent resigns or is otherwise removed and no successor Dissemination Agent is appointed or engaged, the Borrower shall perform all of the duties and assume all of the obligations of the Dissemination Agent hereunder. The Dissemination Agent may resign at any time by providing not less than 30 days' written notice to the Borrower.

(b) If a Dissemination Agent has been designated, the Dissemination Agent shall comply with the following provisions:

(i) If by an Annual Report Date or a Quarterly Report Date, the Dissemination Agent has not received either the Borrower Annual Report or the Borrower Quarterly Report, as the case may be, or a notice from the Borrower in the form of Exhibit A or Exhibit B hereto, as the case may be, or a written representation from the Borrower that it has provided such Report or notice directly to the parties to which they are to be provided under the terms of this Agreement, then without further direction or instruction from the Borrower, the Dissemination Agent shall promptly provide to (A) either each NRMSIR or the MSRB, and (B) the SID, if any, notice of the fact that such Borrower Annual Report or Borrower Quarterly Report has not been provided.

(ii) If the Borrower provides to the Dissemination Agent information that is not designated as notice of a Significant Event, and directs the Dissemination Agent to provide such information to Repositories, the Dissemination Agent shall promptly provide such information in a timely manner to each Repository.

(iii) If by an Annual Submission Date or a Quarterly Submission Date, the Dissemination Agent has not received a copy of the Borrower Annual Report or Borrower Quarterly Report, as the case may be, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with Section 3 or Section 4 of this Agreement, as the case may be.

(iv) The Dissemination Agent shall file a report with the Borrower certifying that the Borrower Annual Report or Quarterly Annual Report, as the case may be, has been provided pursuant to this Agreement, stating the date it was provided, and listing all of the parties to which it was provided.

9. Termination of Reporting Obligation. The Borrower's obligations under this Agreement will terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or if the Borrower no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

10. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Borrower may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Borrower, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to fail to satisfy the requirements of the Rule taking into account any subsequent change in or official interpretation of the Rule.

11. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Borrower Annual Report, Borrower Quarterly Report or notice of occurrence of a Significant Event, in addition to that which is required by this Agreement.

12. Default. The intent of the Borrower's undertaking is to provide on a continuing basis the information described and required in the Rule. In the event of a failure of the Borrower to comply with any provision of this Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the beneficial owners of at least 25% in aggregate principal amount of outstanding Bonds and upon being indemnified to its satisfaction, shall), and any registered or beneficial owner of Bonds may, take action to compel performance by the Borrower under this Agreement. A default under this Agreement shall not be deemed a default or event of default under the Bond Indenture, Master Indenture,

Loan Agreement or Note, and the sole remedy under this Agreement in the event of any failure of the Borrower to comply with this Agreement shall be an action to compel performance.

13. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Bond Indenture is hereby made applicable to the Dissemination Agent and this Agreement as if this Agreement were (solely for this purpose) contained in the Bond Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities, which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent and conforming to the requirements of this Agreement. In the case of any Borrower Annual Report, Borrower Quarterly Report or Significant Event disclosure, or any opinions that, by any provision hereof, are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder or to determine the materiality of any Significant Event and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Borrower, the Obligated Group Members, the Participating Underwriters or the Bondholders (including any beneficial owners thereof when the Bonds are held in a book-entry system). The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent any Significant Events. No provision of this Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, provided that the Dissemination Agent shall pay such reasonable expenses, disbursements and advances necessary to perform its obligations hereunder, which expenses, disbursements and advances are expected to be reimbursed by the Borrower

14. Beneficiaries. This Agreement shall inure solely to the benefit of the Borrower, the Participating Underwriters and registered and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

JEWISH HOSPITAL & ST. MARY'S
HEALTHCARE, INC.

By: ___________________________________

Title: _________________________________

THE BANK OF NEW YORK TRUST
COMPANY, N.A.

By: ___________________________________

Title: _________________________________

EXHIBIT A

NOTICE OF FAILURE TO PROVIDE BORROWER ANNUAL REPORT

Name of Issuer:	Louisville/Jefferson County Metro Government
Name of Bonds:	$380,000,000 Health Facilities Revenue Bonds, Series 2008 (Jewish Hospital & St. Mary's HealthCare, Inc. Project)
Name of Borrower:	Jewish Hospital & St. Mary's HealthCare, Inc.
Date of Issuance:	June ___, 2008

NOTICE IS HEREBY GIVEN that the Borrower has not provided the Borrower Annual Report with respect to the above-named Bonds, as required by Section 3(a)(i) of the Continuing Disclosure Agreement dated as of June 1, 2008, executed by the Borrower. The Borrower anticipates that the Borrower Annual Report will be provided by ______________________.

Dated: ________________

EXHIBIT B

NOTICE OF FAILURE TO PROVIDE BORROWER QUARTERLY REPORT

Name of Issuer:	Louisville/Jefferson County Metro Government
Name of Bonds:	$380,000,000 Health Facilities Revenue Bonds, Series 2008 (Jewish Hospital & St. Mary's HealthCare, Inc. Project)
Name of Borrowers:	Jewish Hospital & St. Mary's HealthCare, Inc.
Date of Issuance:	June ___, 2008

NOTICE IS HEREBY GIVEN that the Borrower has not provided the Borrower Quarterly Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Agreement dated as of June 1, 2008 executed by the Borrower. The Borrower anticipates that the Borrower Quarterly Report will be provided by _______________________.

Dated: ________________

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